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MISSOURI

LEGAL MALPRACTICE INSURANCE REPORT 2001

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MISSOURI DEPARTMENT OF INSURANCE
STATISTICS SECTION

**MISSOURI
LEGAL
MALPRACTICE
INSURANCE
REPORT
2001**

**Missouri Department of Insurance
Statistics Section
August 2002**



Other Publications Available

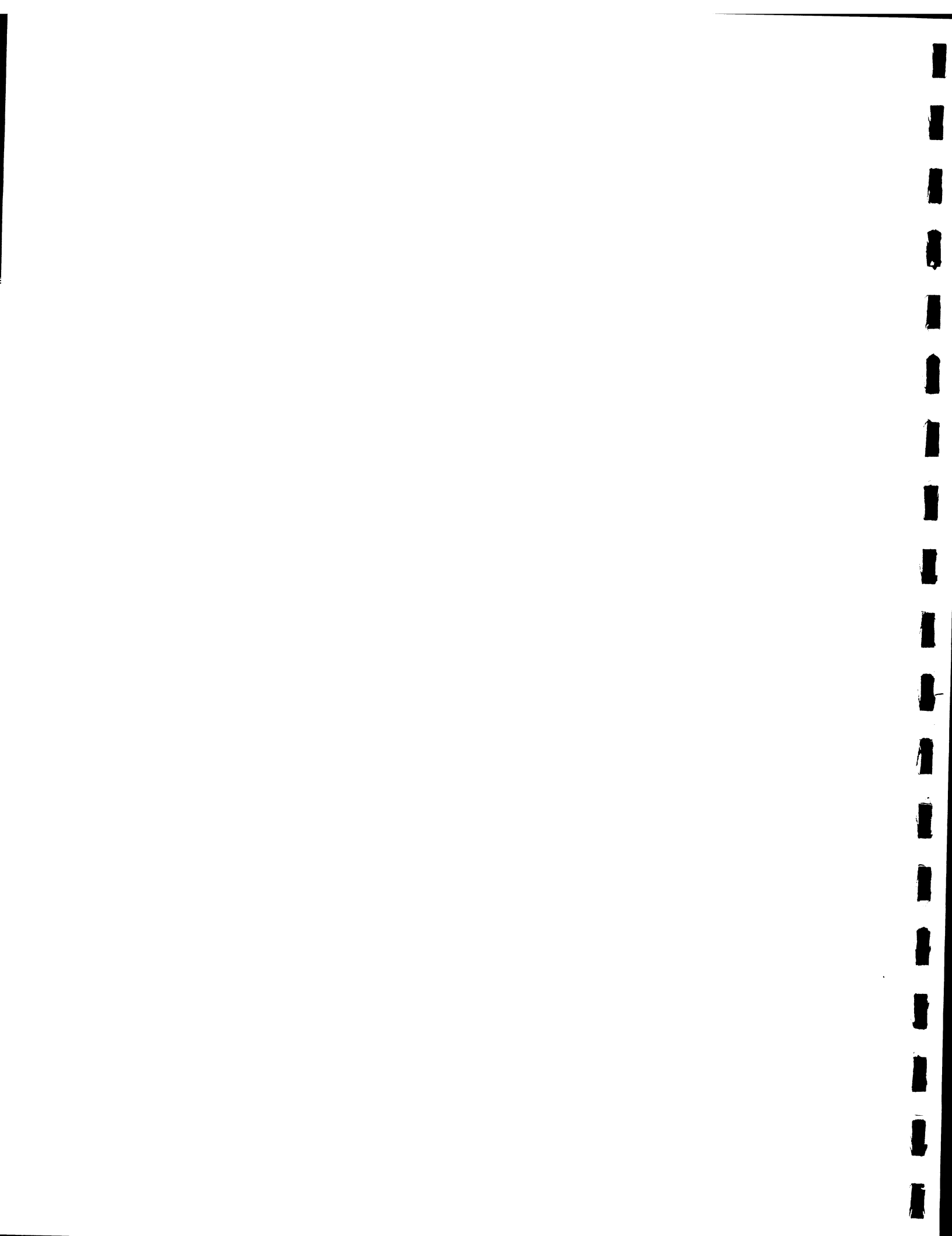
The Missouri Department of Insurance publishes the following statistical reports. These reports are available by sending a written request along with the payment of \$35 to the Missouri Department of Insurance, P.O. Box 690, Jefferson City, MO 65102-0690.

Missouri Department of Insurance Annual Report
Missouri Medical Malpractice (Closed Claim) Report
Missouri Real Estate Malpractice (Closed Claim) Report
Missouri Market Share Report
Missouri Products Liability (Closed Claim) Report
Missouri Health Maintenance Organization Report
Missouri Complaint Index Report
Missouri Life, Accident & Health Supplement Report
Missouri Property & Casualty Supplement Report
Missouri Mortgage Guaranty Report
Missouri Uninsured Auto Report

Databases Available

Medicare Supplement Experience Data
Missouri Zip Code Insurance Data for Homeowners/Dwelling Fire,
Farmowners (dwelling only), Mobile Home, Earthquake and Private Passenger Automobile

Some data is available to the public for a fee by special request only. For additional information, contact the Statistics Section at 573/751-4126.



DEFINITION OF TERMS

Indemnity Paid: The sum of all payments made during the year for the benefit of insurance claimants, before reinsurance has been ceded and/or assumed. These payments include amounts paid in the current year for claims arising from coverage in prior years and exclude amounts which will be paid in future years for claims arising from the current year. Hence, this item is not a measure of the actual cost of current coverages, but only of current cash flows.

Loss Adjustment Expenses: The cost involved in an insurance companies adjustment of losses under a policy.

Direct Premiums Written: The dollar amount charged when a policyholder contracts for insurance coverage before reinsurance has been ceded and/or assumed.

Direct Premiums Earned: The part of premium attributable to the coverage already provided in a given period before reinsurance has been ceded and/or assumed.

Direct Losses Incurred: The sum of direct losses paid plus an estimate at the close of the year of the amounts to be paid in the future for all claims arising from the current and all prior years, minus the corresponding estimate made at the close of business for the preceding year. Incurred losses reported include estimated amounts unpaid for incurred-but-not-reported (IBNR) claims.

Loss Ratio: The dollar amount of direct losses incurred divided by the dollar amount of premiums earned for the particular line of business being analyzed, expressed as a percentage. This is an accounting representation of the portion of each premium dollar which is needed to honor a company's promise to pay claims.



LEGAL MALPRACTICE INSURANCE REPORT EXECUTIVE SUMMARY

This report summarizes the legal malpractice insurance experience in Missouri from 1992 to 2001.

The charts, graphs and tables in this report, which contain closed claim information, were constructed from data collected by the Missouri Department of Insurance as required by Section 383.077 RSMo. The premium and loss data, obtained from the Missouri Page 24 Supplement to the companies' annual statements, are presented in the final section.

In 2001 the loss ratio for legal malpractice insurance in Missouri was 31.4 percent, a significant contrast from the 2000 loss ratio of a **negative** 185.5 percent. (A negative figure occurs when companies write off overreserves for claims filed that were never paid). For the 10-year period of claims closed¹, 666 (25 percent) were closed with payment. Claims closed in 2001 totaled 217, a 14 percent decrease from the previous year and 64 involved payments. The average payment was \$37,973.

The cost to an insurer for settling legal malpractice cases - the loss adjustment expense (legal fees, claims adjustment costs, etc.) - has fluctuated over the past 10 years. In 2001, the average loss adjustment expense for all claims closed with payment was of \$30,595, while the expenses for all claims, closed with or without payment, averaged only \$9,023.

In producing this report, indemnities paid on closed claims have been categorized by claim characteristics. The number of closed claims, average paid claim and the total amount paid are included. The categories used for the indemnity analysis are:

- Area of law in which the insured was retained by the claimant.
- Major activity in which the lawyer was engaged at the time the alleged error or omission occurred.
- Alleged error or omission which was the most significant reason for making the claim.
- The legal disposition of the claim at the closing date.
- The number of years the insured had been in practice at the time of the alleged error or omission.
- The relationship of the insured to the claimant.

¹Claims closed may have resulted from incidents in any previous period.

By area of law, the largest share of claims closed in 2001 (60 of 217) was initiated by plaintiffs in *personal injury and property damage cases*.

The largest proportion of all claims closed in 2001, as well as the 10 years, involved the *commencement of the legal action or proceeding*. *Failure to know or ascertain deadlines correctly* was the most common reason stated for filing a claim in 2001. The alleged error that generated the largest number of claims over the 10-year span — 400 — was also *failure to know or ascertain deadline correctly*, followed by *planning or strategy error* with 347 closed claims. Fifty percent (50%) of all claims paid during 2001 were settled *before filing suit or demanding hearing* on the alleged malpractice.

In the last two sections of the indemnity analysis, years admitted to practice and insured/claimant relationship are also reported. The three spans of years admitted to practice are: *under 4 years*, *4 to 10 years* and *more than 10 years*. The largest proportion of losses in 2001 — 95 percent — occurred among attorneys with *more than 10 years in practice*. The insured's relationship to the claimant is partitioned into four subclasses: *free legal service*, *non-client*, *member of pre-paid legal plan* and *client other than free legal service or pre-paid legal plan*. Most claims of 2001 — 78 percent — occurred in the category of *client other than free legal service or member of prepaid legal plan*.

Only ten companies have reported writing legal malpractice insurance and submitted closed claim data in Missouri for 2001. The Bar Plan Mutual Insurance Company has commanded at least 61 percent of the legal malpractice insurance market in this state, each year, since 1986.

This report was compiled using information submitted by insurance companies. As a result, the accuracy of this report is dependent upon the correctness of each company's data. Copies of this report will be made available in braille, large print, or on audio cassette upon request. Any questions regarding this report should be addressed to the Statistics Section, Missouri Department of Insurance, P.O. Box 690, Jefferson City, MO 65102-0690.

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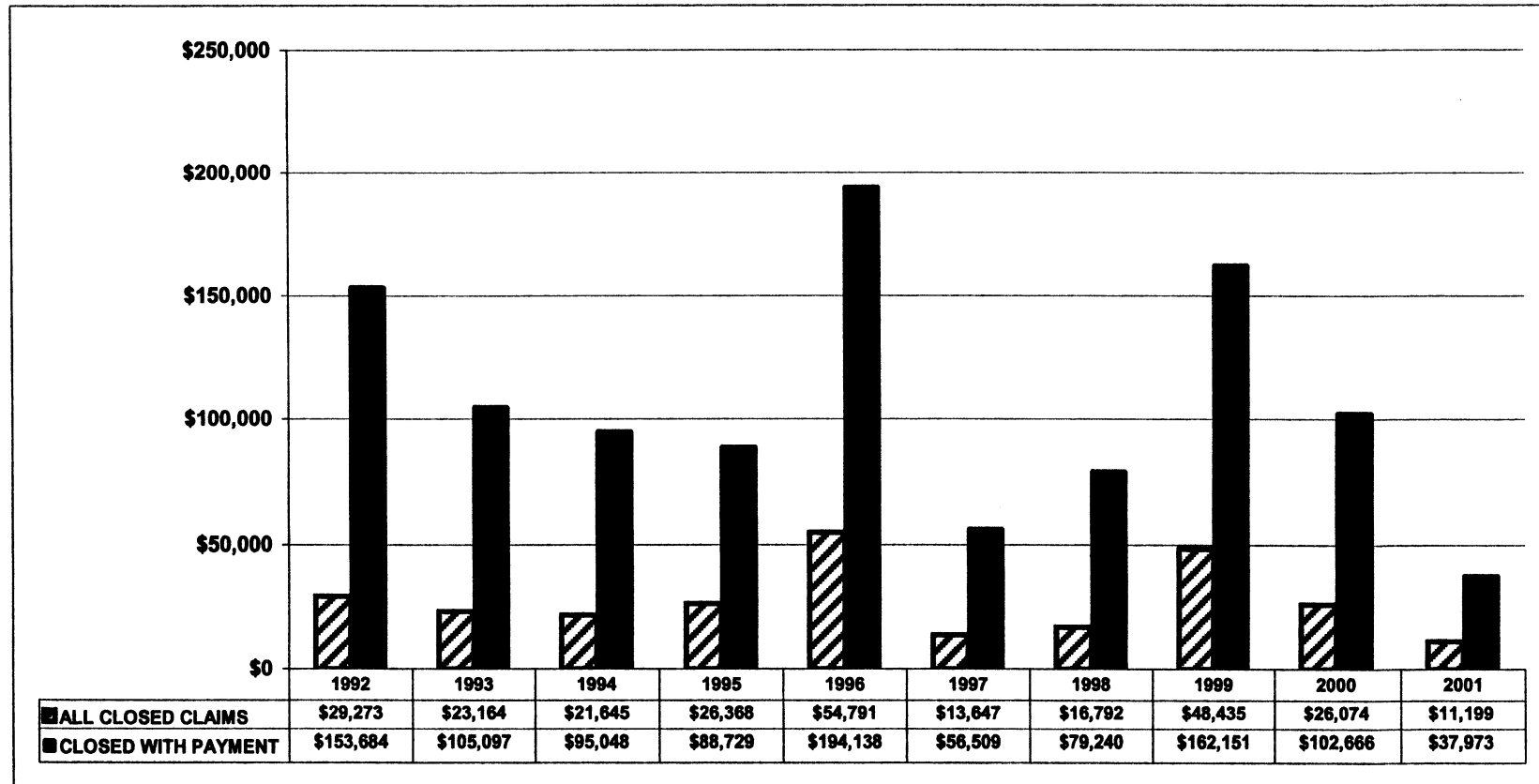
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**TEN YEAR
SUMMARY
(1992 - 2001)**



MISSOURI LEGAL MALPRACTICE INSURANCE

AVERAGE PAID CLAIM

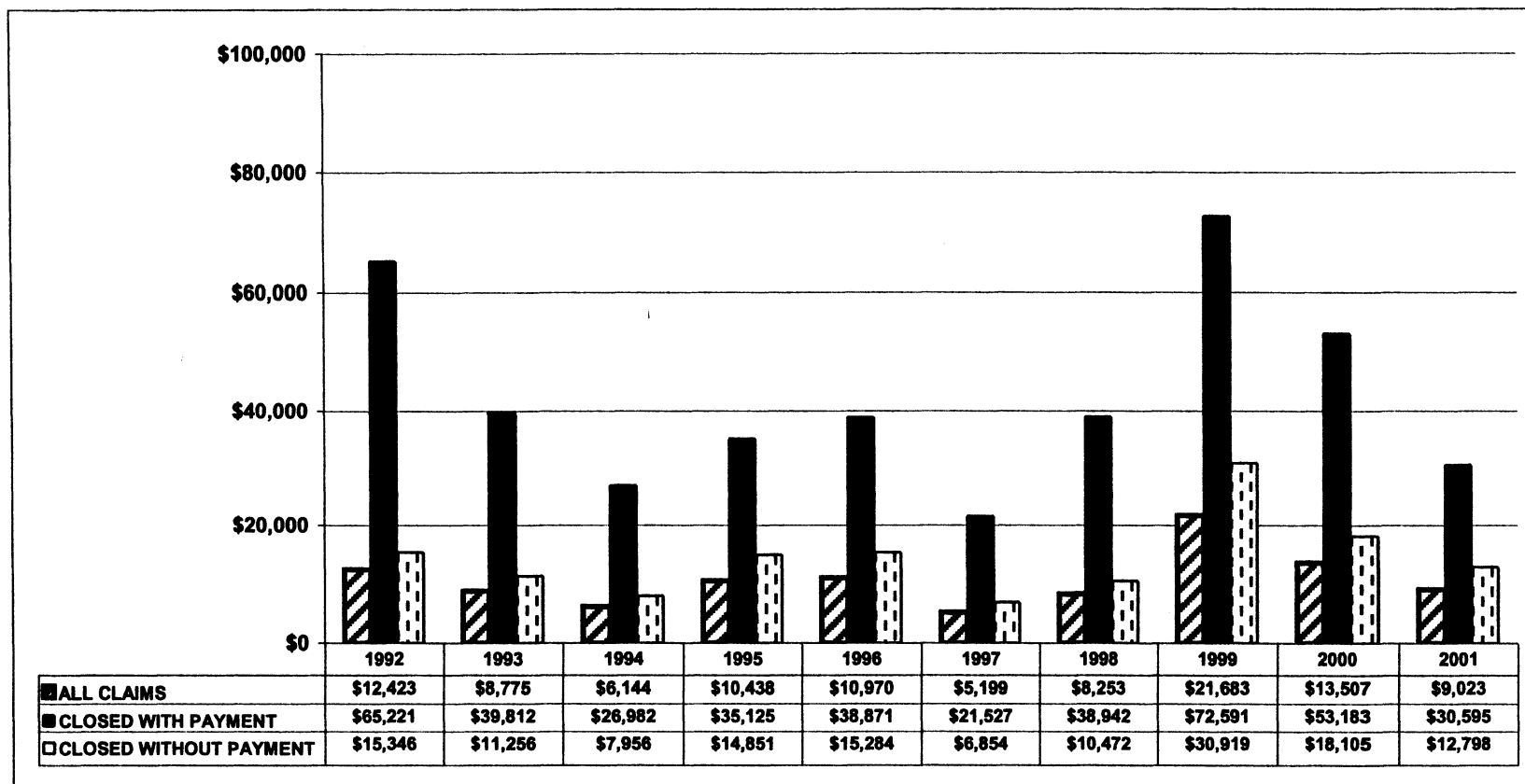


**LEGAL MALPRACTICE EXPERIENCE
TEN YEAR SUMMARY
(1992 – 2001)**

CLOSED CLAIMS	NUMBER OF CLAIMS	PERCENT OF CLAIMS	TOTAL INDEMNITY PAID	AVERAGE INDEMNITY PAID	TOTAL LOSS EXPENSES PAID	AVERAGE LOSS EXPENSE PAID
All Closed Claims	2,651	100.0%	\$73,312,941	\$27,655	\$28,303,657	\$10,677
Closed with Payment	666	25.1%	\$73,312,941	\$110,079	\$18,445,771	\$27,696
Closed without Payment	1,985	74.9%	\$0	\$0	\$9,857,886	\$4,966
Claims Settled Through Court Proceedings	206	7.8%	\$11,261,950	\$54,670	\$8,869,224	\$43,054
Court Proceedings Resulting in Payment	51	1.9%	\$11,261,950	\$220,823	\$4,708,311	\$92,320

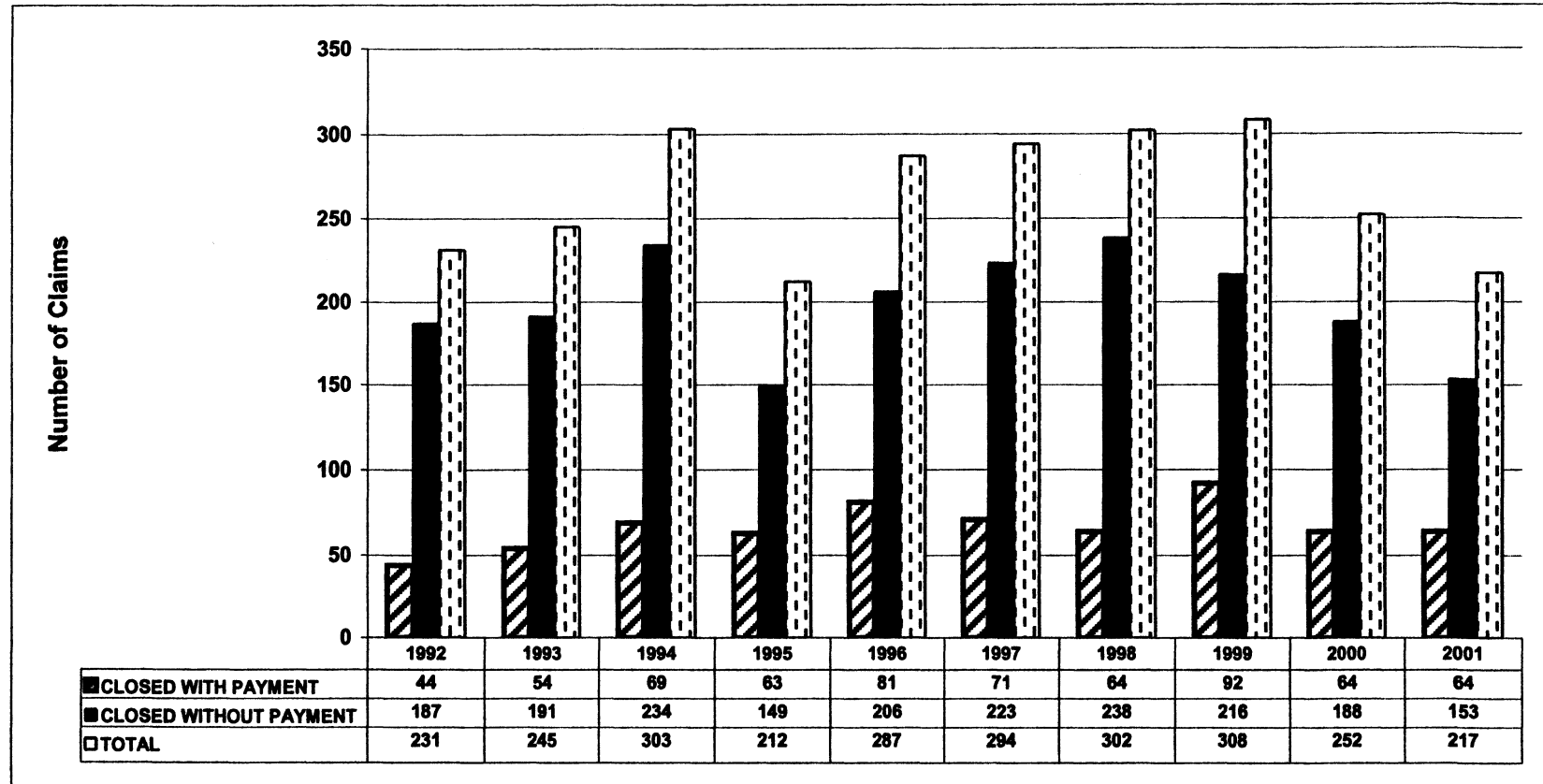
MISSOURI LEGAL MALPRACTICE INSURANCE

AVERAGE PAID LOSS ADJUSTMENT EXPENSE



MISSOURI LEGAL MALPRACTICE INSURANCE

CLAIM COUNT 1992 - 2001



**TEN YEAR SUMMARY
&
2001 SUMMARY
BY
AREA OF LAW**

LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 1992 – 2001

AREA OF LAW	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BI/PD - PLAINTIFF	701	252	37.84%	\$80,046	\$20,171,646	27.51%	\$5,811
FAMILY LAW	292	59	8.86%	\$50,930	\$3,004,850	4.10%	\$5,914
ESTATE, TRUST & PROBATE	275	80	12.01%	\$69,015	\$5,521,177	7.53%	\$7,872
COLLECTION & BANKRUPTCY	259	56	8.41%	\$74,418	\$4,167,434	5.68%	\$4,888
BUSINESS TRANSACTION/COMMERCIAL LAW	233	57	8.56%	\$215,028	\$12,256,612	16.72%	\$25,206
REAL ESTATE	225	49	7.36%	\$26,894	\$1,317,783	1.80%	\$6,588
CRIMINAL	121	10	1.50%	\$23,875	\$238,750	0.33%	\$3,255
BI/PD - DEFENDANT	105	17	2.55%	\$188,255	\$3,200,330	4.37%	\$8,231
WORKERS COMPENSATION	96	26	3.90%	\$34,579	\$899,056	1.23%	\$3,191
CORPORATE & BUSINESS ORGANIZATION	61	13	1.95%	\$129,615	\$1,685,000	2.30%	\$23,239
CIVIL RIGHTS & COMMISSION	49	4	0.60%	\$184,500	\$738,000	1.01%	\$7,646
LABOR LAW	46	9	1.35%	\$146,227	\$1,316,043	1.80%	\$11,112
SECURITIES (S.E.C.)	42	6	0.90%	\$2,597,885	\$15,587,309	21.26%	\$134,473
CONSUMER CLAIMS	32	3	0.45%	\$32,050	\$96,150	0.13%	\$10,688
LOCAL GOVERNMENT	31	3	0.45%	\$6,000	\$18,000	0.02%	\$11,064
TAXATION	28	9	1.35%	\$71,089	\$639,799	0.87%	\$18,545
PATENTS, TRADEMARKS, COPYRIGHTS	23	5	0.75%	\$56,759	\$283,796	0.39%	\$12,543
CONSTRUCTION (BUILDING CONTRACTS)	9	3	0.45%	\$148,333	\$445,000	0.61%	\$18,643
GOVERNMENT CONTRACTS & CLAIMS	8	2	0.30%	\$833,631	\$1,667,262	2.27%	\$40,843
ANTITRUST	6	1	0.15%	\$0	\$3,945	0.01%	\$20,953
IMMIGRATION & NATURALIZATION	6	0	0.00%	\$0	\$0	0.00%	\$12,520
ADMIRALTY	2	1	0.15%	\$15,000	\$15,000	0.02%	\$6,718
ENVIRONMENT	1	1	0.15%	\$40,000	\$40,000	0.05%	\$0
TOTAL	2,651	666	100.00%	\$110,079	\$73,312,941	100.00%	\$10,677

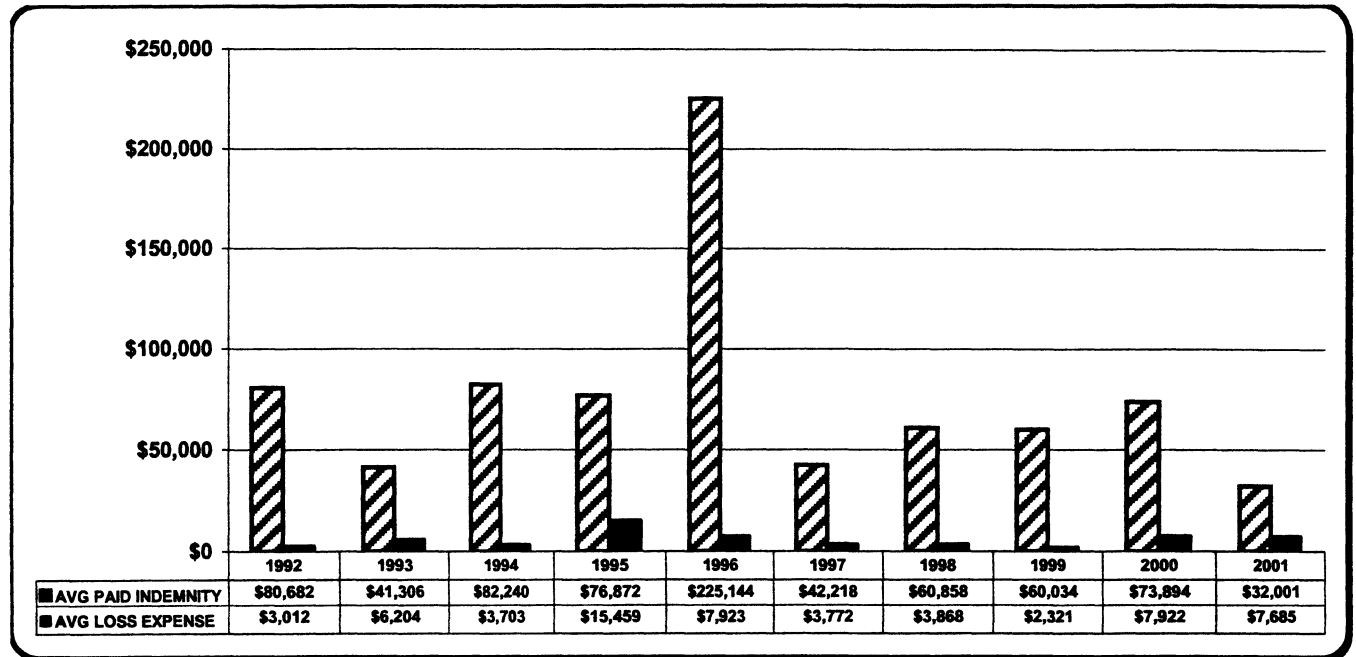
LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 2001

AREA OF LAW	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BI/PD - PLAINTIFF	60	28	43.75%	\$32,001	\$896,022	36.87%	\$7,685
ESTATE, TRUST & PROBATE	31	6	9.38%	\$77,603	\$465,618	19.16%	\$9,592
FAMILY LAW	26	6	9.38%	\$36,667	\$220,000	9.05%	\$7,288
COLLECTION & BANKRUPTCY	19	5	7.81%	\$16,282	\$81,412	3.35%	\$2,361
REAL ESTATE	15	7	10.94%	\$19,971	\$139,800	5.75%	\$3,666
WORKERS COMPENSATION	14	4	6.25%	\$17,182	\$68,729	2.83%	\$6,607
CRIMINAL	10	2	3.13%	\$22,750	\$45,500	1.87%	\$13,236
CORPORATE & BUSINESS ORGANIZATION	9	0	0.00%	\$0	\$0	0.00%	\$32,032
BUSINESS TRANSACTION/COMMERCIAL LAW	7	3	4.69%	\$145,582	\$436,746	17.97%	\$42,012
CIVIL RIGHTS & COMMISSION	7	1	1.56%	\$45,000	\$45,000	1.85%	\$2,500
CONSUMER CLAIMS	6	1	1.56%	\$27,500	\$27,500	1.13%	\$5,755
BI/PD - DEFENDANT	5	0	0.00%	\$0	\$0	0.00%	\$1,686
LABOR LAW	3	0	0.00%	\$0	\$0	0.00%	\$4,088
ANTITRUST	1	1	1.56%	\$3,945	\$3,945	0.16%	\$27,972
LOCAL GOVERNMENT	1	0	0.00%	\$0	\$0	0.00%	\$0
PATENTS, TRADEMARKS, COPYRIGHTS	1	0	0.00%	\$0	\$0	0.00%	\$0
SECURITIES (S.E.C.)	1	0	0.00%	\$0	\$0	0.00%	\$0
TAXATION	1	0	0.00%	\$0	\$0	0.00%	\$2,436
TOTAL	217	64	100.00%	\$37,973	\$2,430,272	100.00%	\$9,023

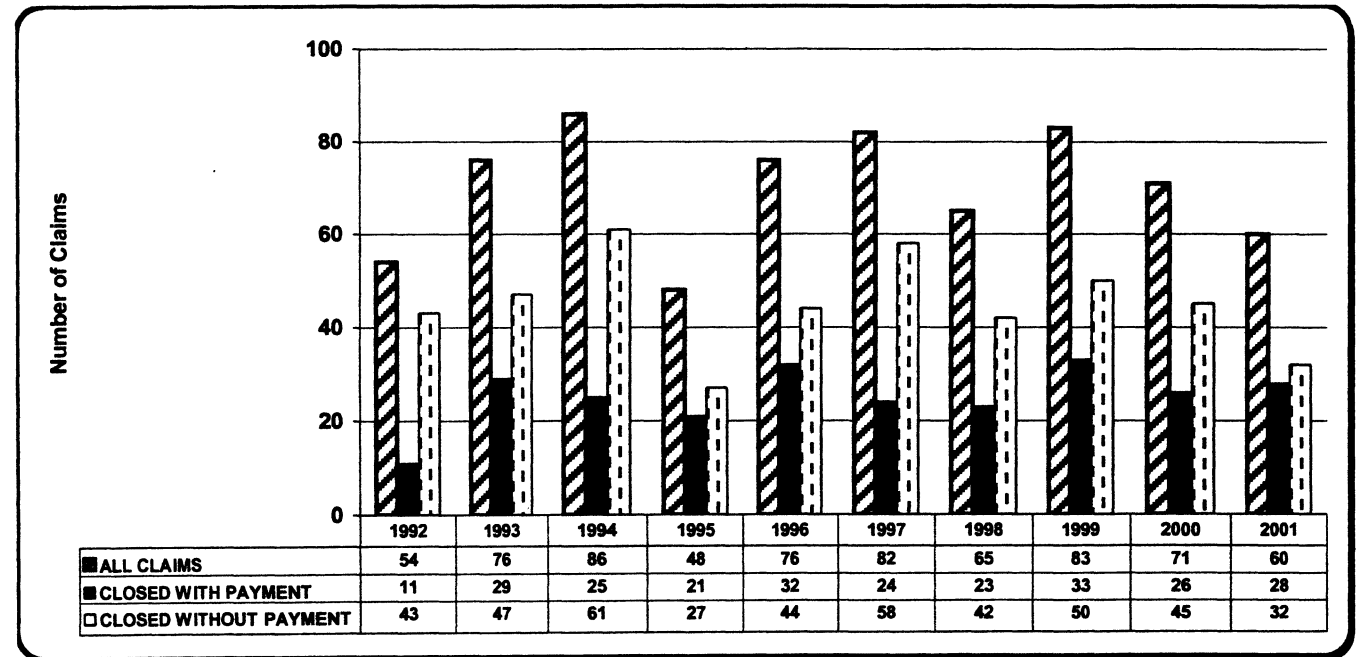
**TRENDS
OF THE TOP TEN
AREAS OF LAW
OF 2001**

PERSONAL INJURY/PROPERTY DAMAGE - PLAINTIFF

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

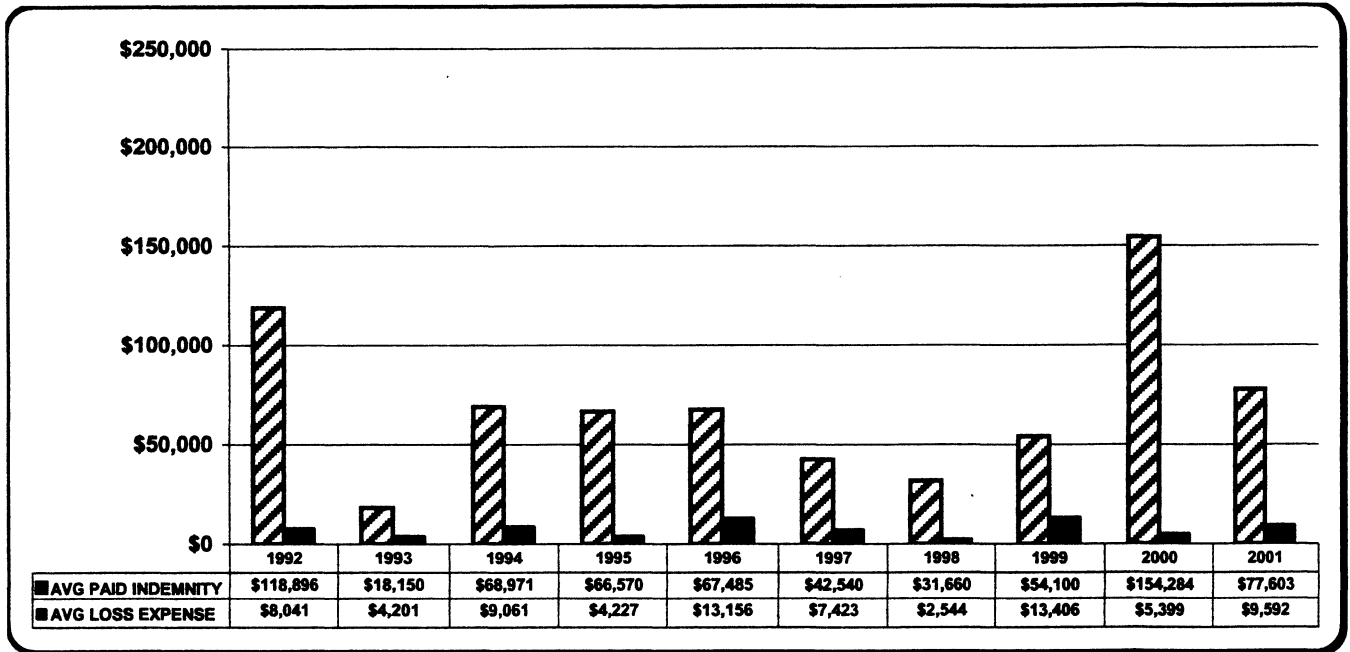


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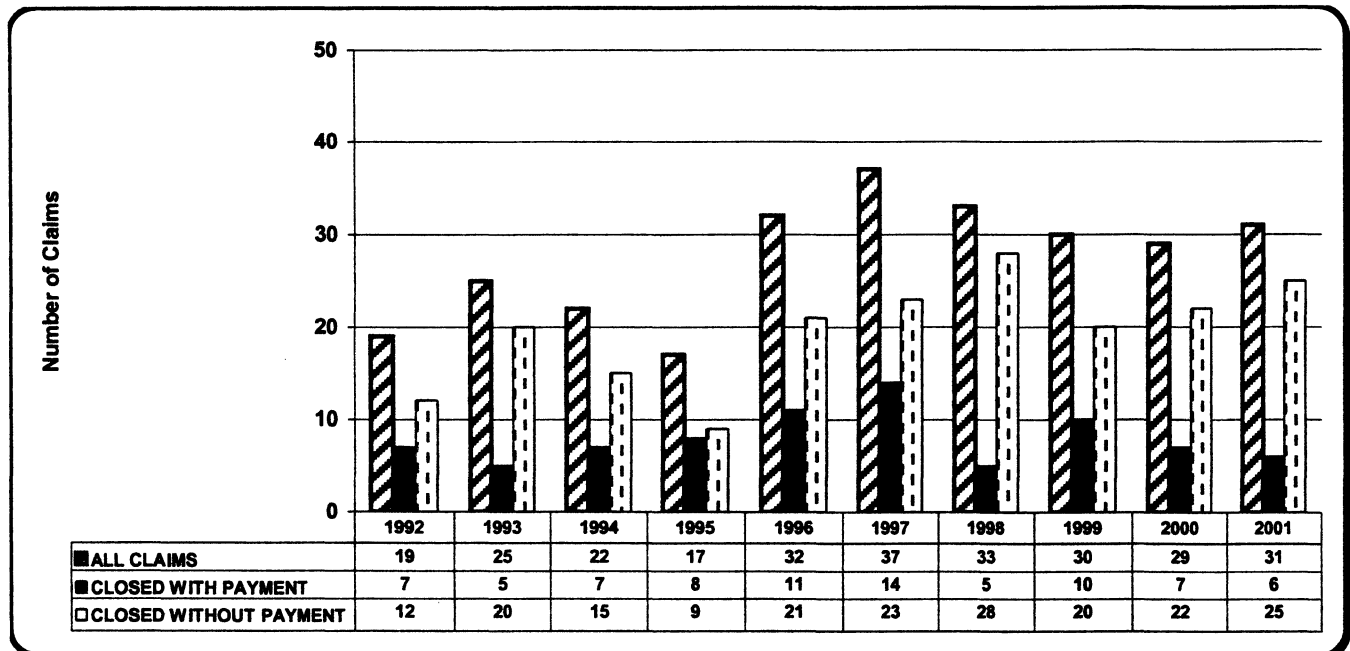


ESTATE, TRUST & PROBATE

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

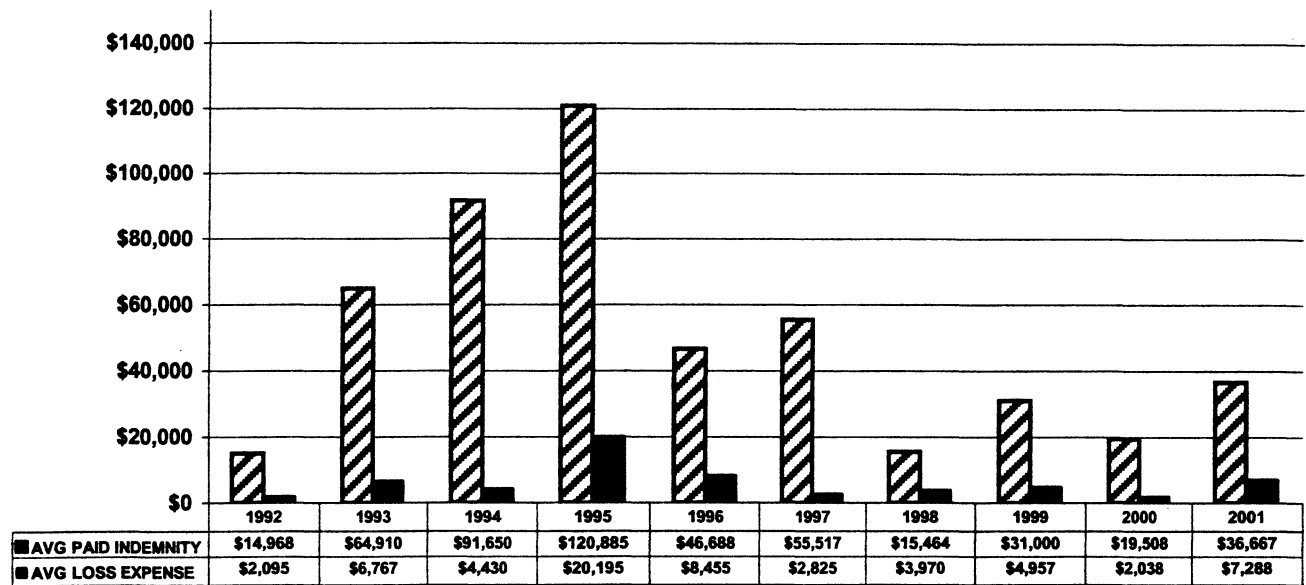


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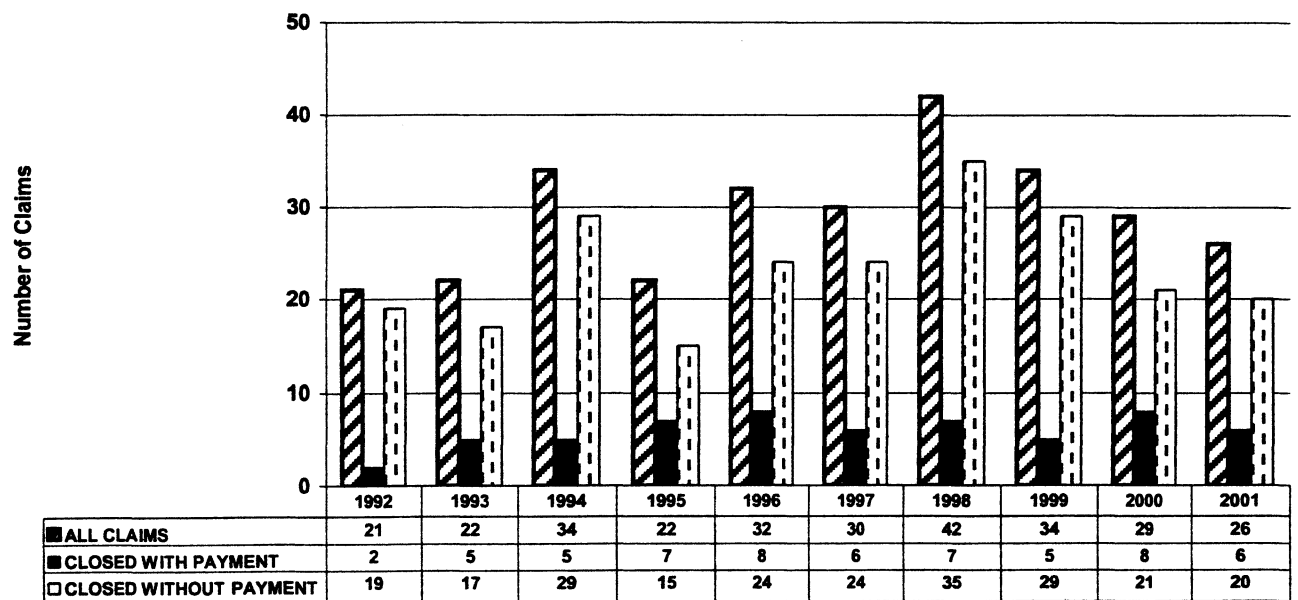


FAMILY LAW

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

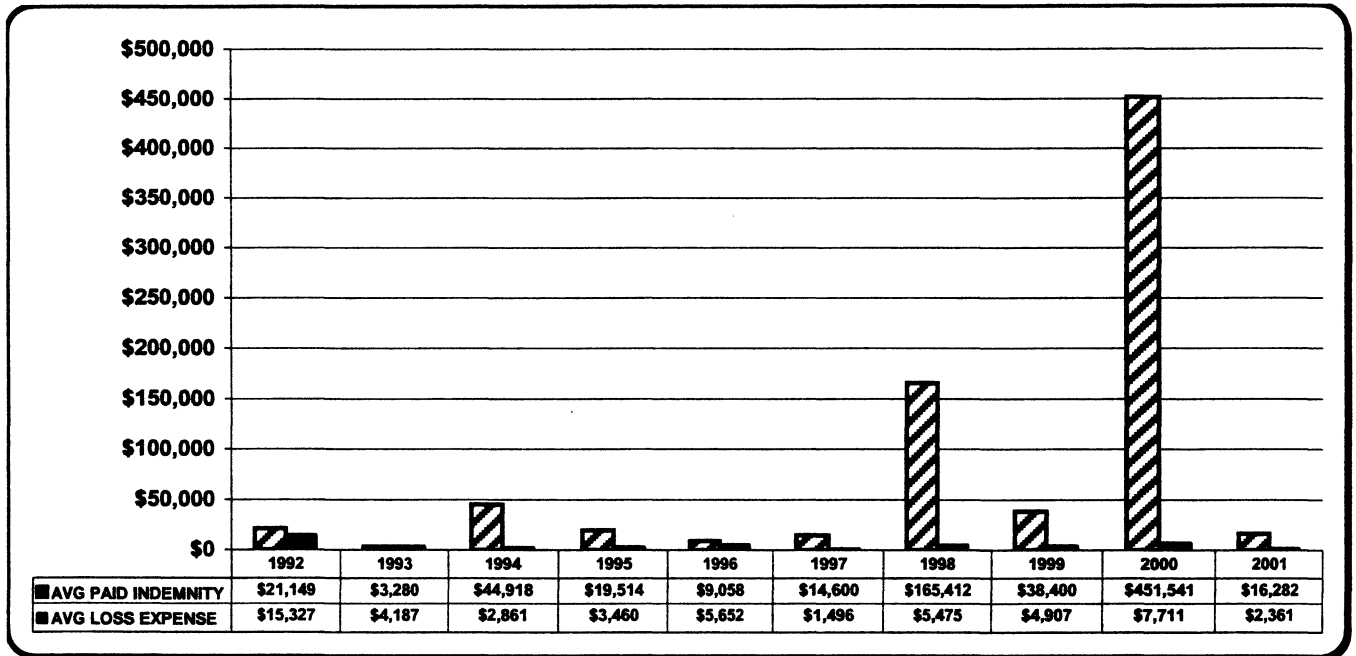


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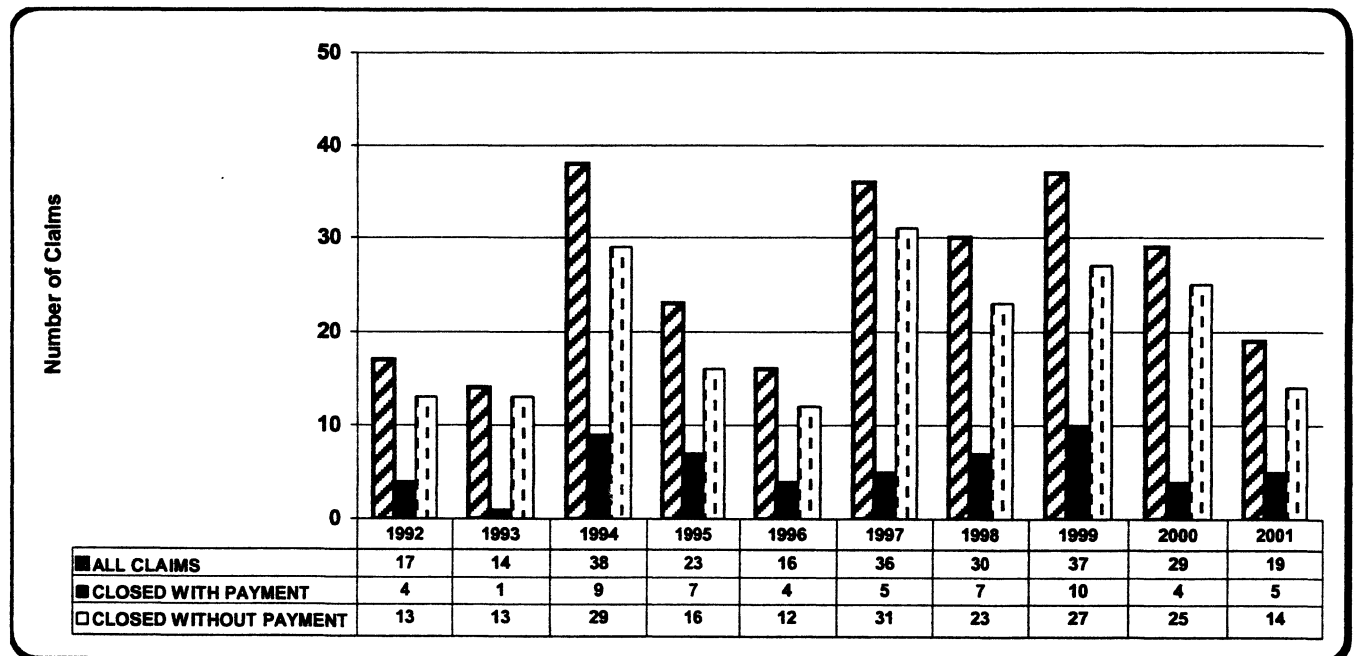


COLLECTION & BANKRUPTCY

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

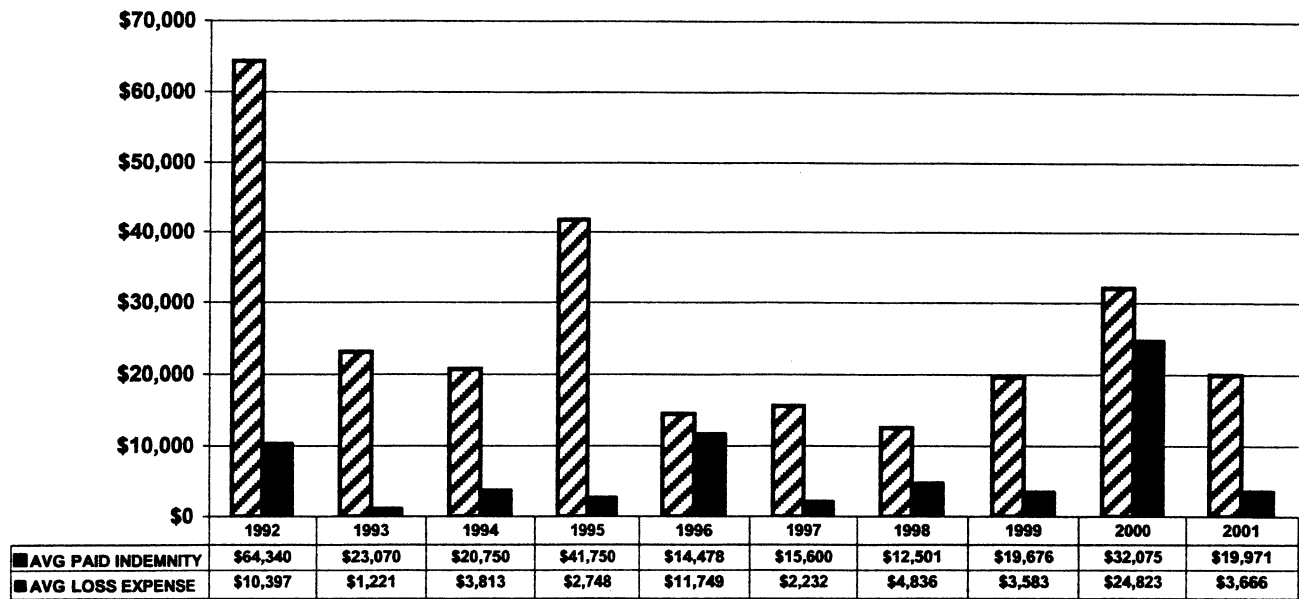


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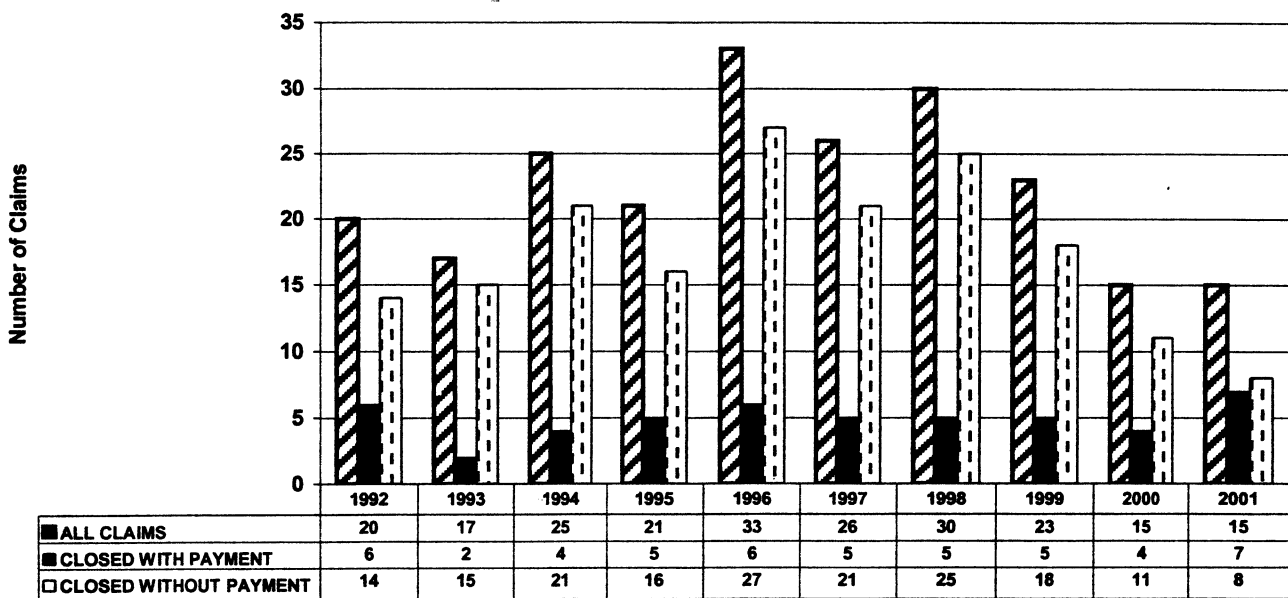


REAL ESTATE

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

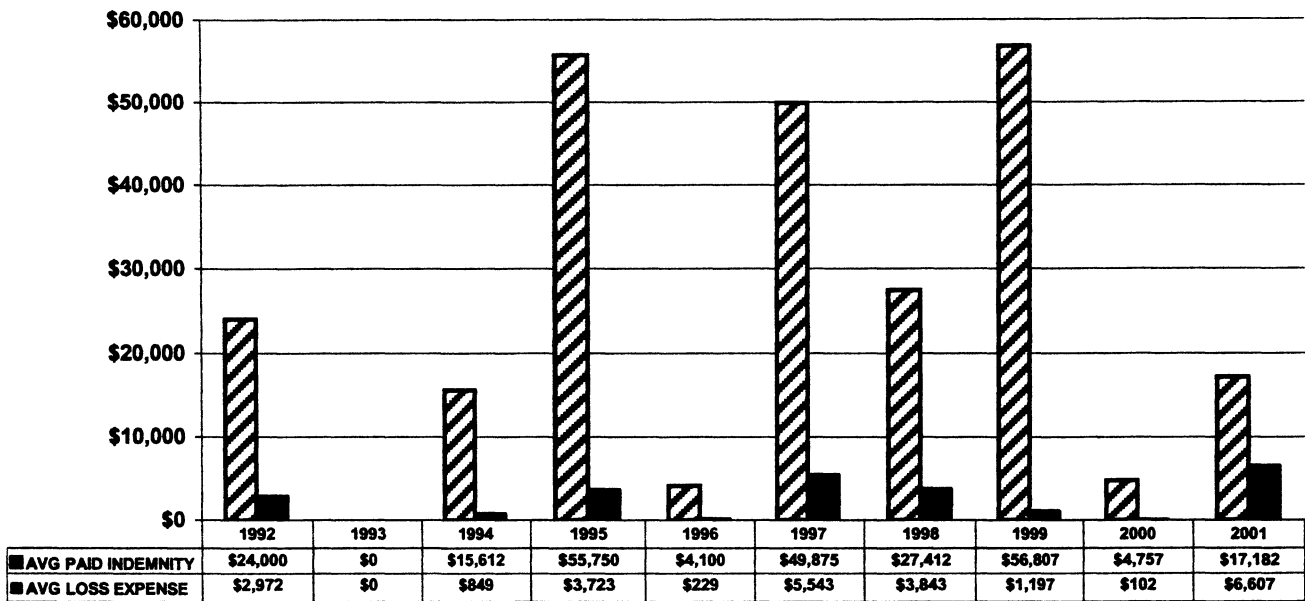


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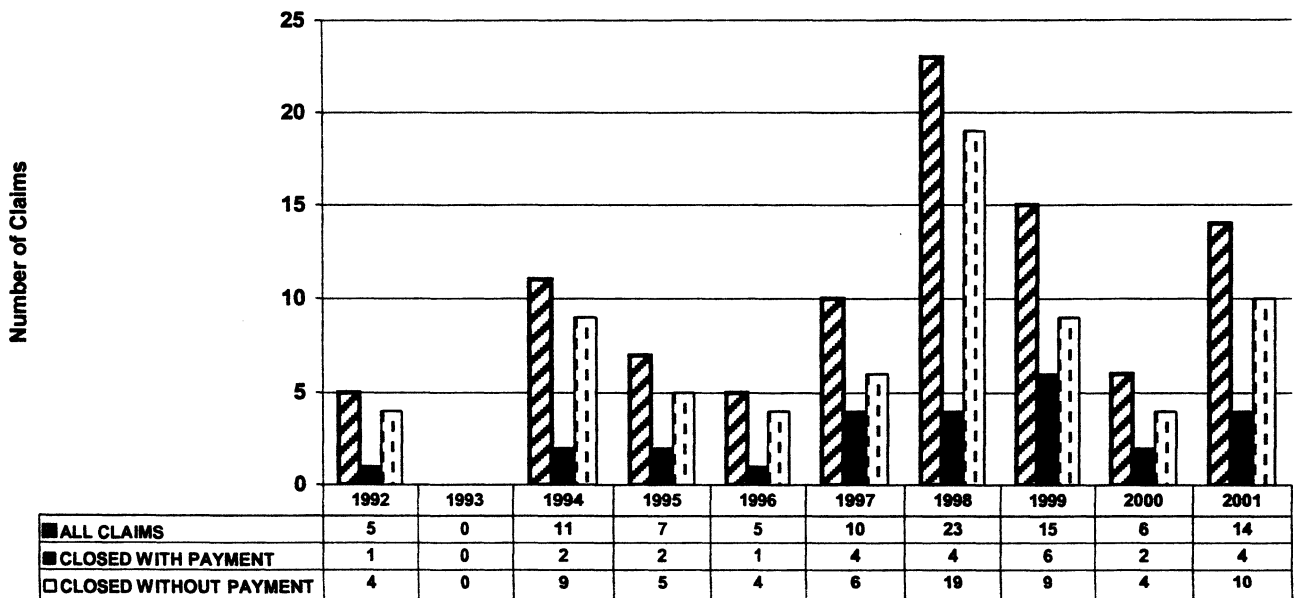


WORKERS COMPENSATION

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

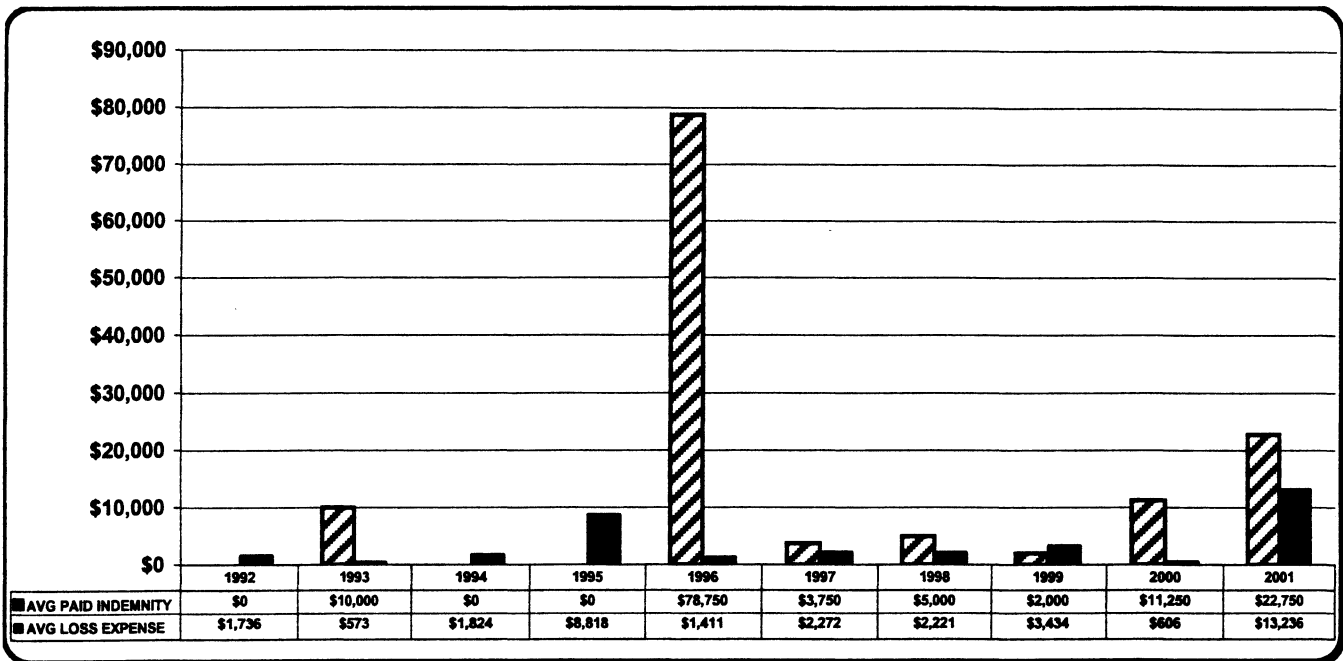


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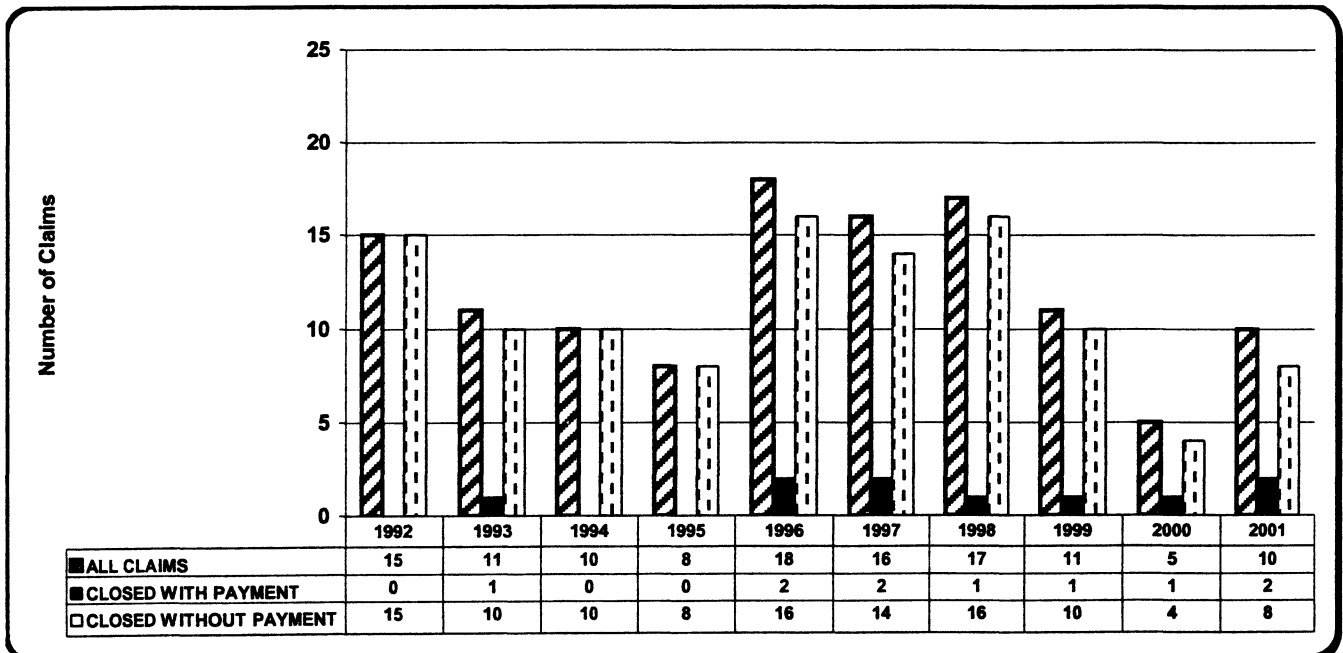


CRIMINAL

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

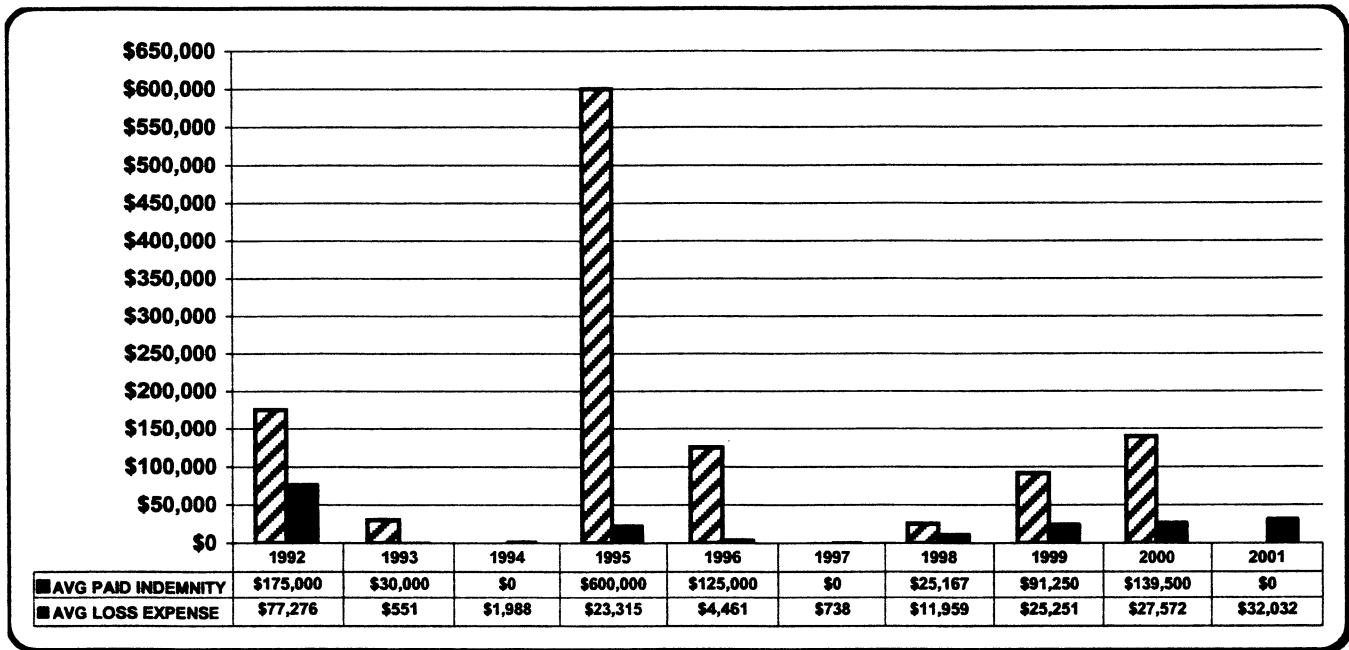


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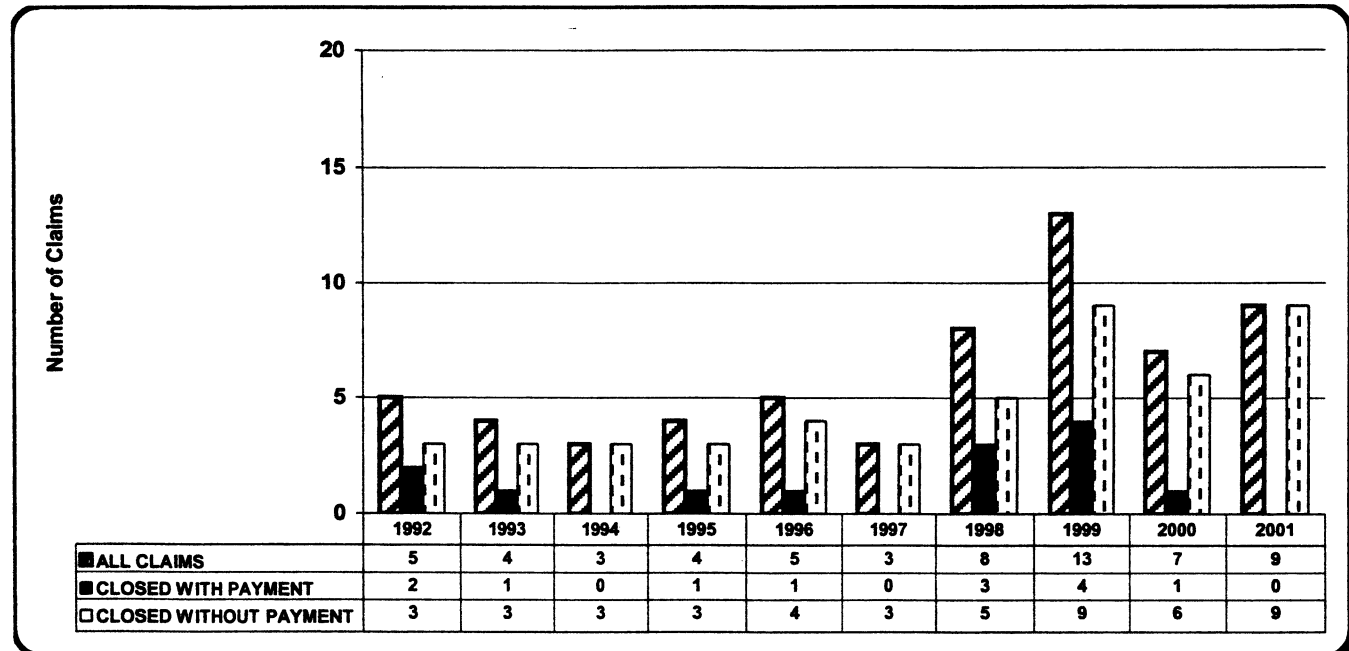


CORPORATE & BUSINESS ORGANIZATION

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

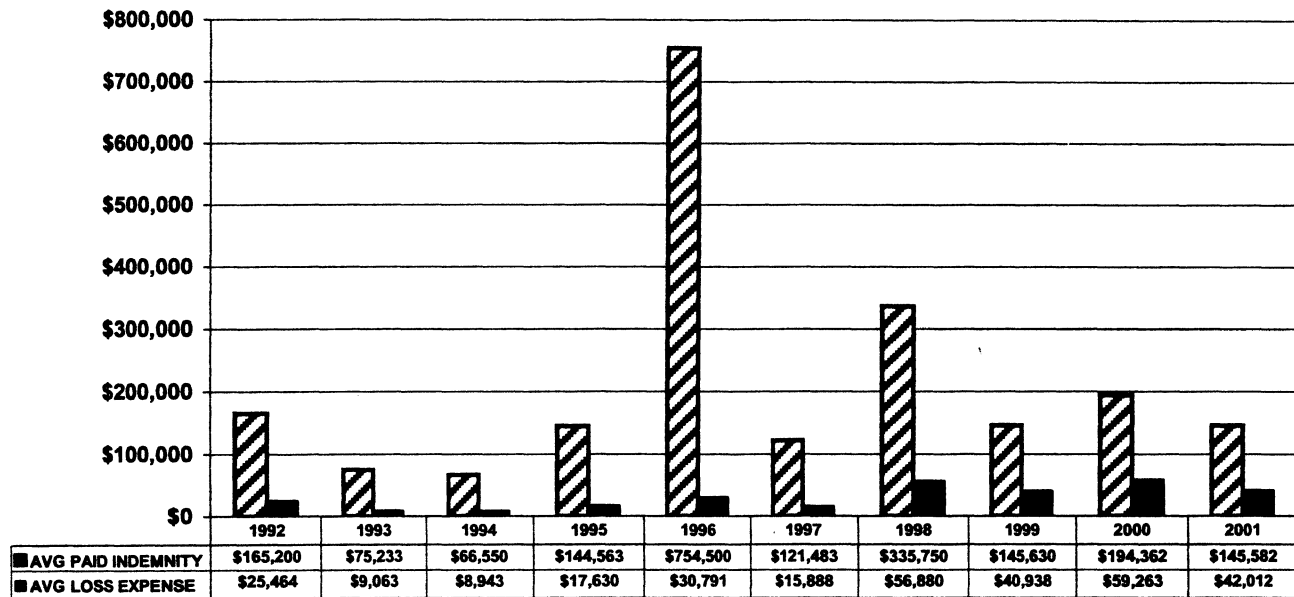


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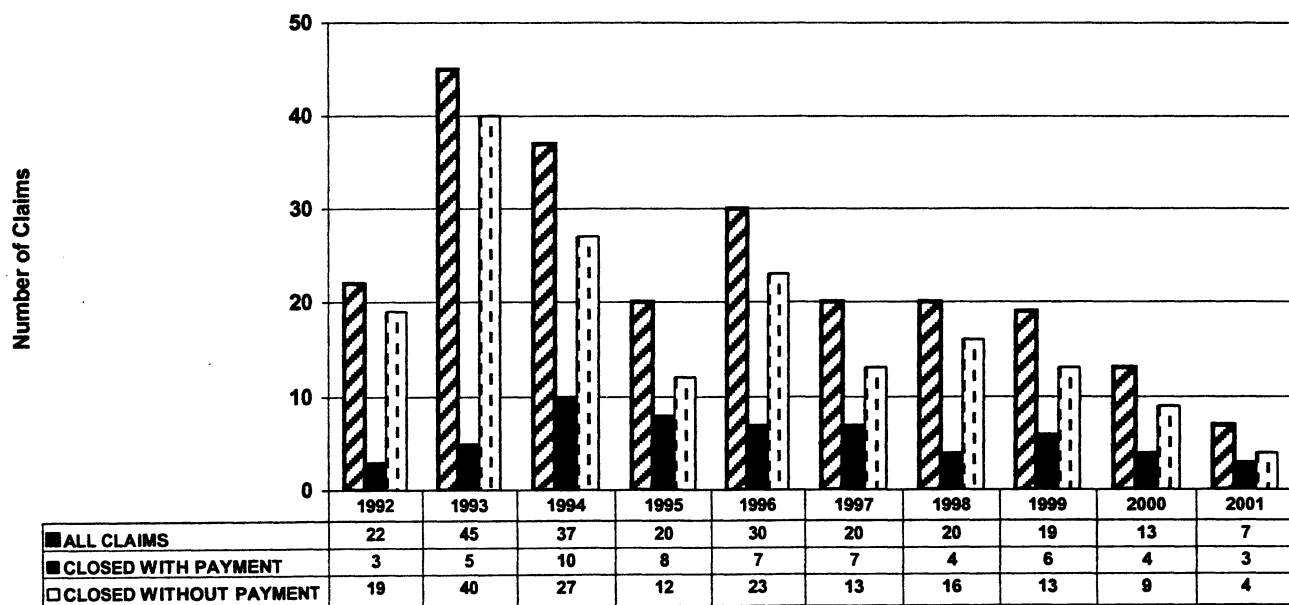


BUSINESS TRANSACTIONS/COMMERCIAL LAW

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

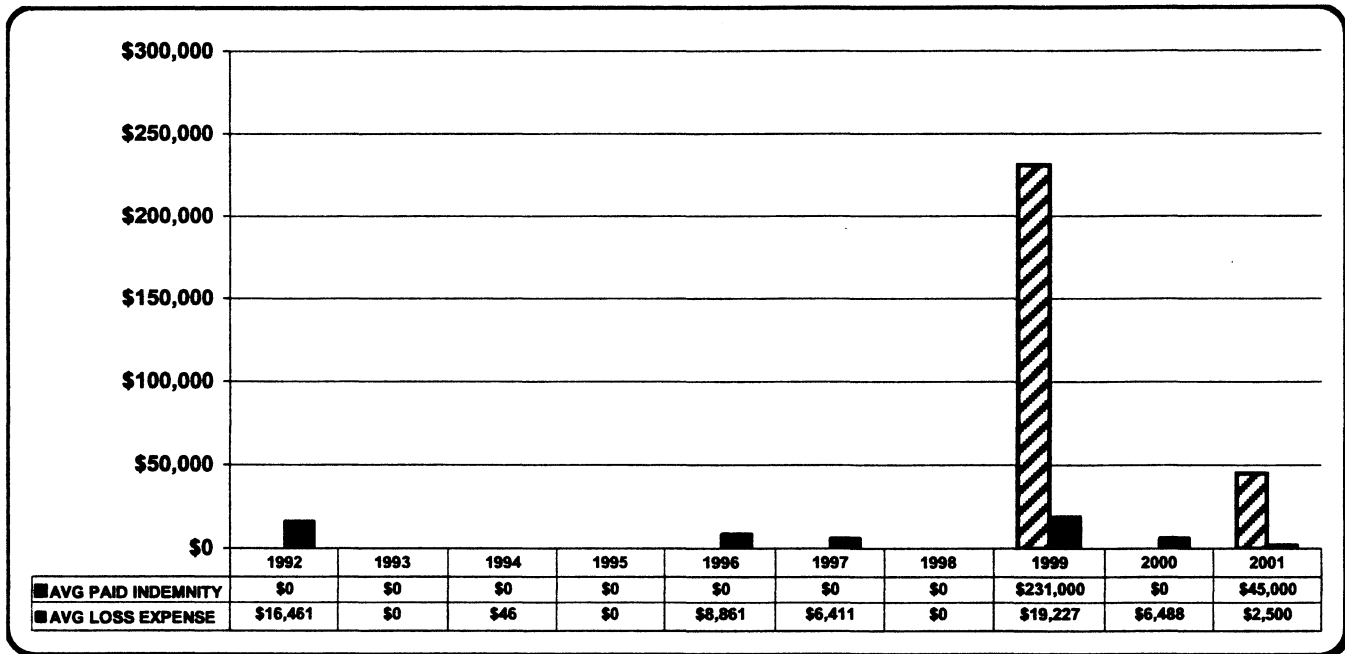


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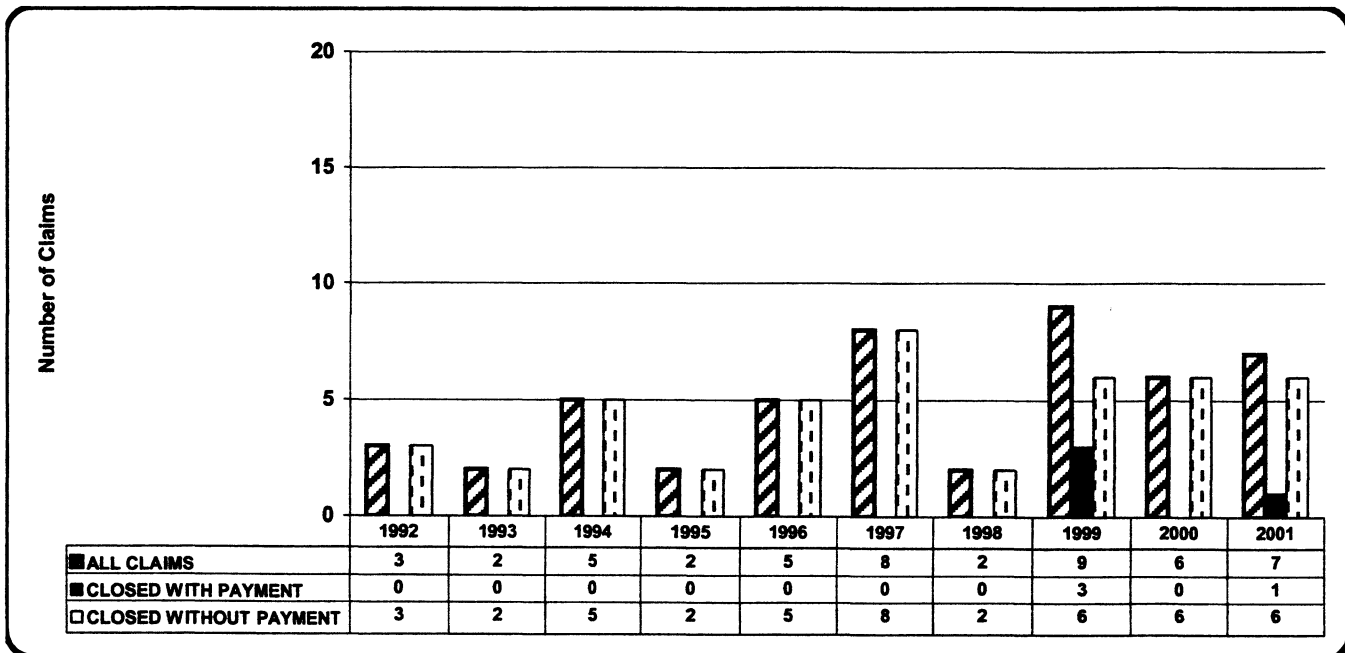


CIVIL RIGHTS & COMMISSION

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



CLAIM COUNT



**TEN YEAR SUMMARY
&
2001 SUMMARY
BY
MAJOR ACTIVITY**



LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 1992 – 2001

MAJOR ACTIVITY CODE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
COMMENCEMENT OF ACTION OR PROCEEDING	721	217	32.58%	\$77,041	\$16,717,822	22.80%	\$5,596
PREPARATION, TRANSMITTAL OR FILING	326	96	14.41%	\$83,302	\$7,996,981	10.91%	\$8,968
SETTLEMENT AND NEGOTIATION	326	66	9.91%	\$112,654	\$7,435,159	10.14%	\$10,704
PRE-TRIAL, PRE-HEARING	301	86	12.91%	\$82,866	\$7,126,491	9.72%	\$6,580
OTHER	263	42	6.31%	\$70,279	\$2,951,732	4.03%	\$6,448
CONSULTATION OR ADVICE	196	47	7.06%	\$382,428	\$17,974,126	24.52%	\$41,625
TRIAL OR HEARING	150	26	3.90%	\$47,445	\$1,233,567	1.68%	\$6,470
EXPARTE PROCEEDINGS	98	27	4.05%	\$56,027	\$1,512,730	2.06%	\$9,571
APPEAL ACTIVITIES	59	11	1.65%	\$24,365	\$268,013	0.37%	\$3,376
POST TRIAL OR HEARING	58	9	1.35%	\$15,477	\$139,291	0.19%	\$4,175
INVESTIGATION, OTHER THAN LITIGATION	55	14	2.10%	\$282,367	\$3,953,139	5.39%	\$24,599
OTHER WRITTEN OPINION	42	10	1.50%	\$167,162	\$1,671,620	2.28%	\$15,092
TAX REPORTING OR PAYMENT	24	9	1.35%	\$70,808	\$637,270	0.87%	\$26,729
REFERRAL TO ANOTHER PROFESSIONAL	17	5	0.75%	\$738,000	\$3,690,000	5.03%	\$52,053
TITLE OPINION	15	1	0.15%	\$5,000	\$5,000	0.01%	\$10,545
TOTAL	2,651	666	100.00%	\$110,079	\$73,312,941	100.00%	\$10,677

LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 2001

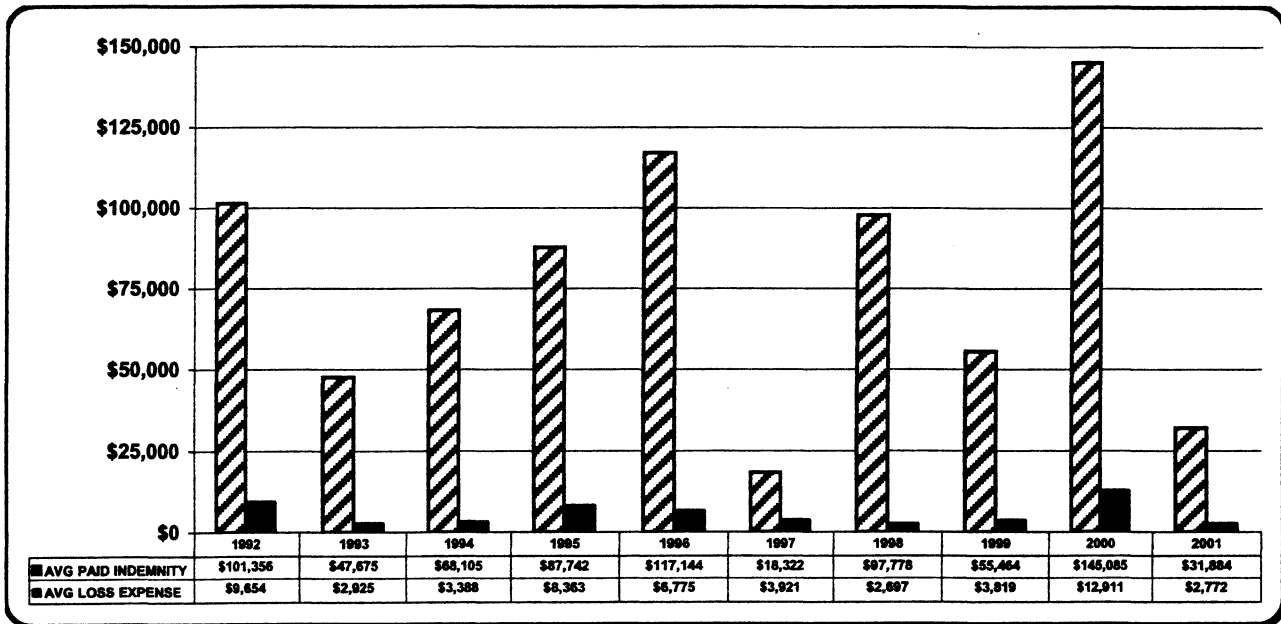
MAJOR ACTIVITY CODE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
COMMENCEMENT OF ACTION OR PROCEEDING	53	22	34.38%	\$31,884	\$701,451	28.86%	\$2,772
OTHER	47	8	12.50%	\$40,188	\$321,500	13.23%	\$12,109
SETTLEMENT AND NEGOTIATION	23	5	7.81%	\$55,675	\$278,375	11.45%	\$14,725
PRE-TRIAL, PRE-HEARING	22	10	15.63%	\$22,093	\$220,927	9.09%	\$5,238
PREPARATION, TRANSMITTAL OR FILING	22	8	12.50%	\$89,188	\$713,500	29.36%	\$8,033
EX PARTE PROCEEDINGS	15	4	6.25%	\$20,372	\$81,489	3.35%	\$12,872
CONSULTATION OR ADVICE	12	3	4.69%	\$21,315	\$63,945	2.63%	\$24,769
TRIAL OR HEARING	11	2	3.13%	\$21,250	\$42,500	1.75%	\$1,841
APPEAL ACTIVITIES	3	0	0.00%	N/A	\$0	0.00%	\$182
INVESTIGATION, OTHER THAN LITIGATION	3	1	1.56%	\$1,585	\$1,585	0.07%	\$1,026
POST TRIAL OR HEARING	3	0	0.00%	N/A	\$0	0.00%	\$0
REFERRAL TO ANOTHER PROFESSIONAL	1	0	0.00%	\$0	\$0	0.00%	\$85,264
TAX REPORTING OR PAYMENT	1	0	0.00%	\$0	\$0	0.00%	\$0
TITLE OPINION	1	1	1.56%	\$5,000	\$5,000	0.21%	\$11,999
TOTAL	217	64	100.00%	\$37,973	\$2,430,272	100.00%	\$9,023

**TRENDS
OF THE TOP TEN
MAJOR ACTIVITY
OF 2001**

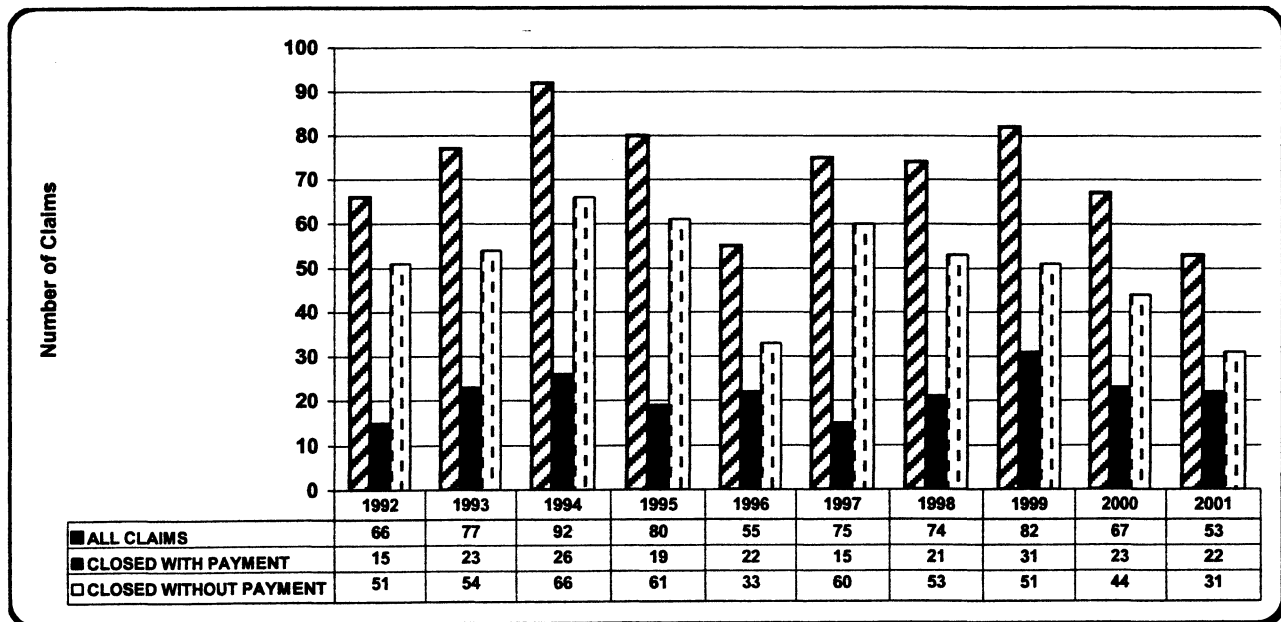


COMMENCEMENT OF ACTION OR PROCEEDING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

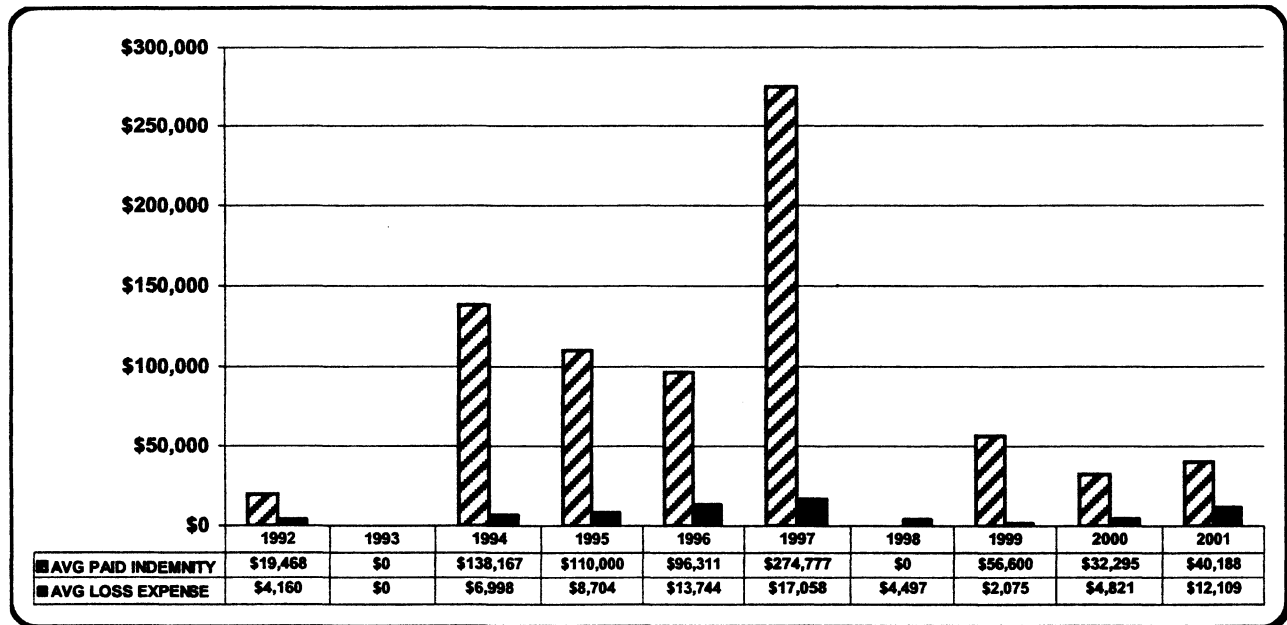


CLAIM COUNT

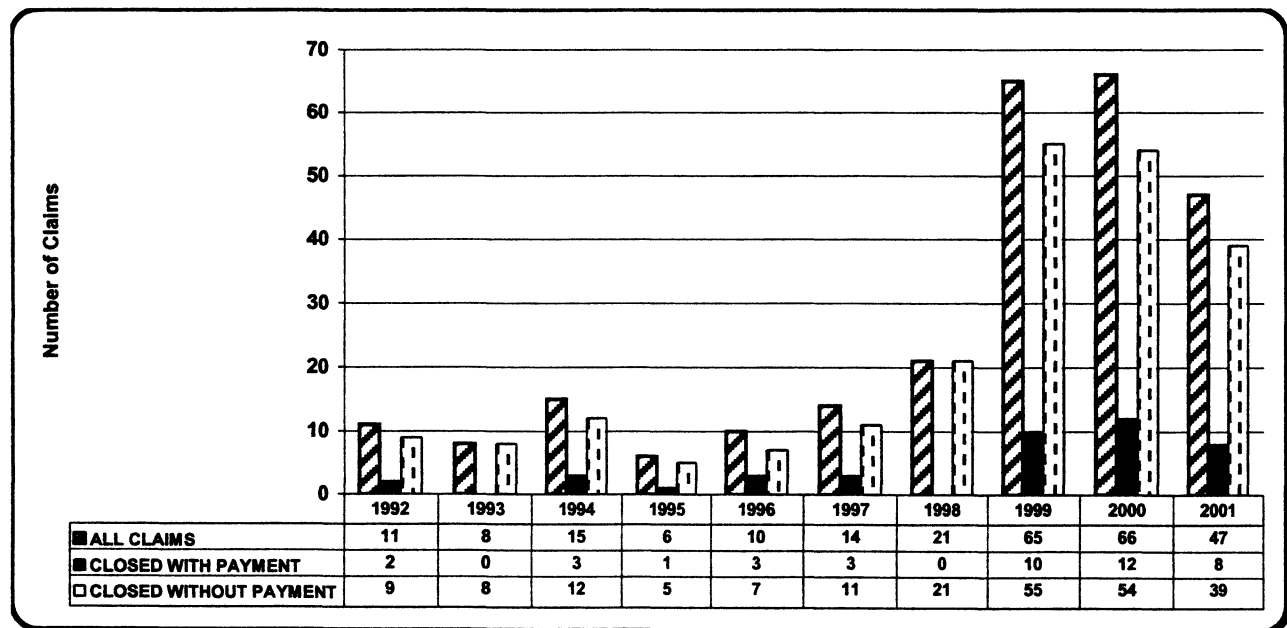


OTHER

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

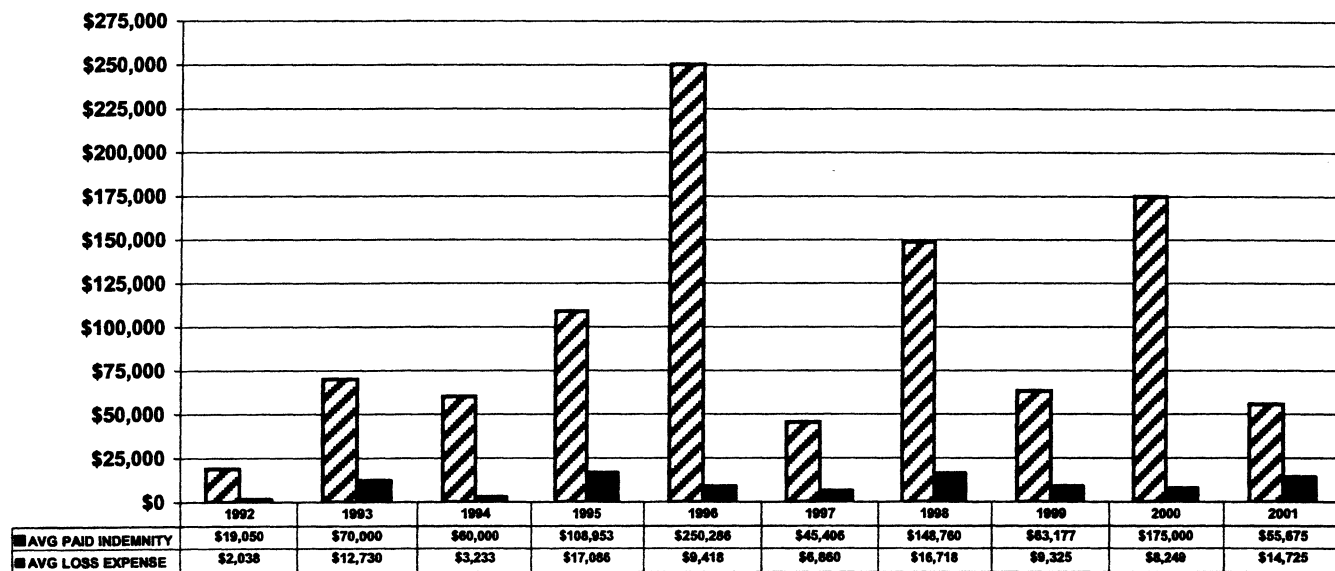


CLAIM COUNT

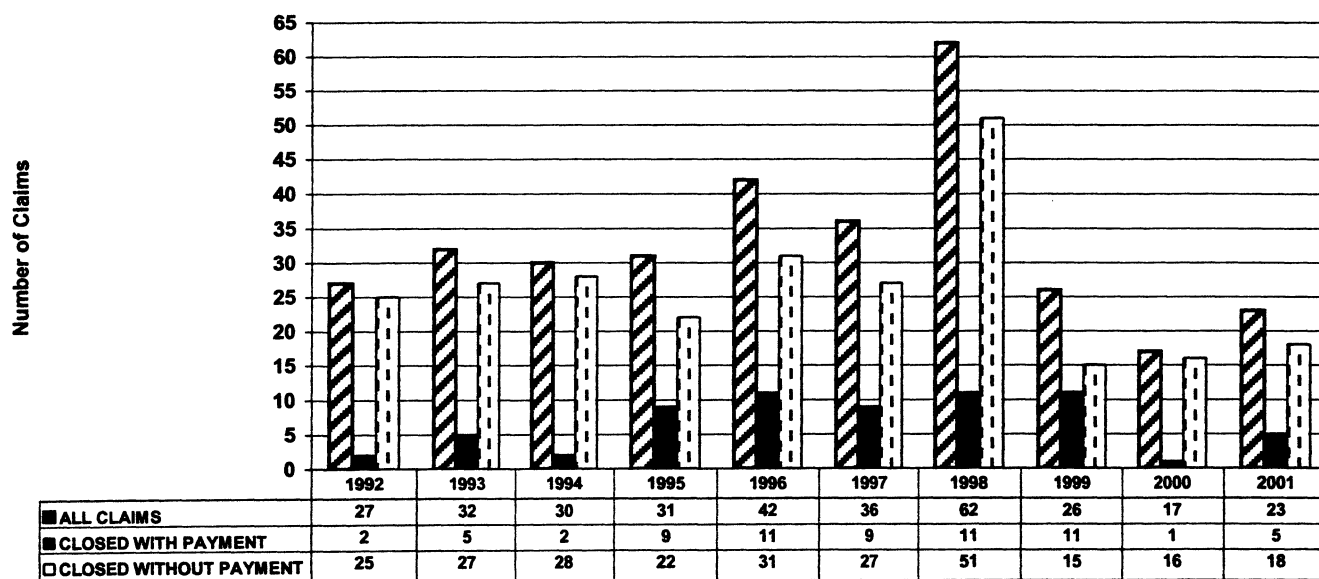


SETTLEMENT AND NEGOTIATION

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

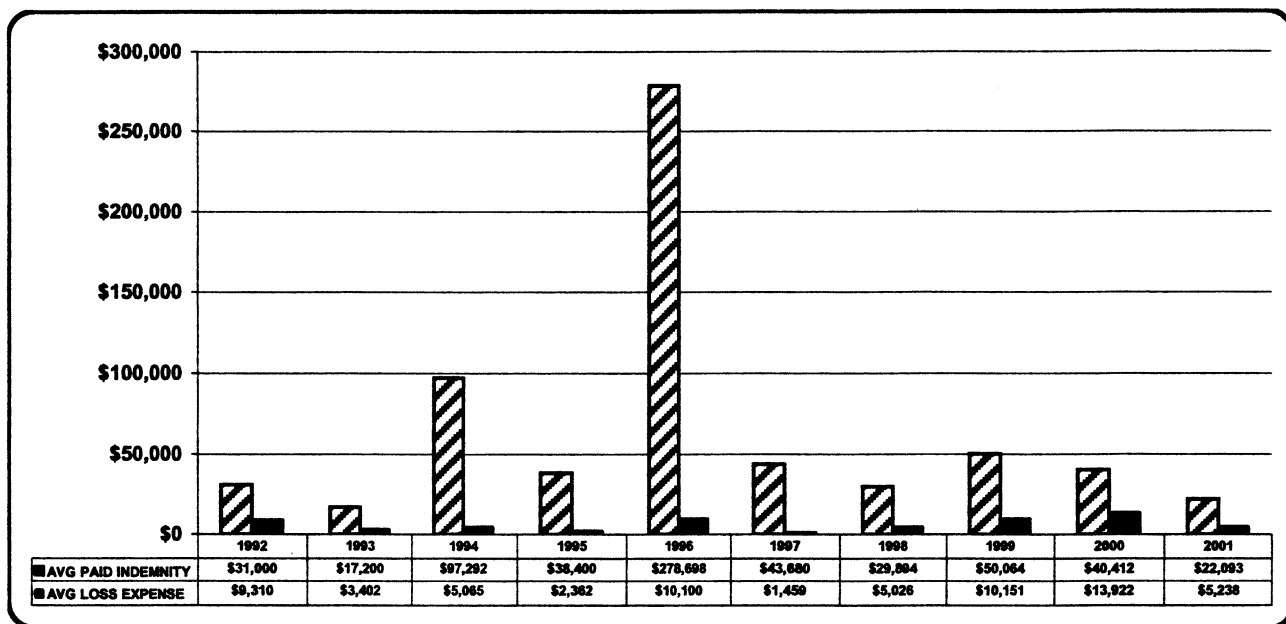


CLAIM COUNT

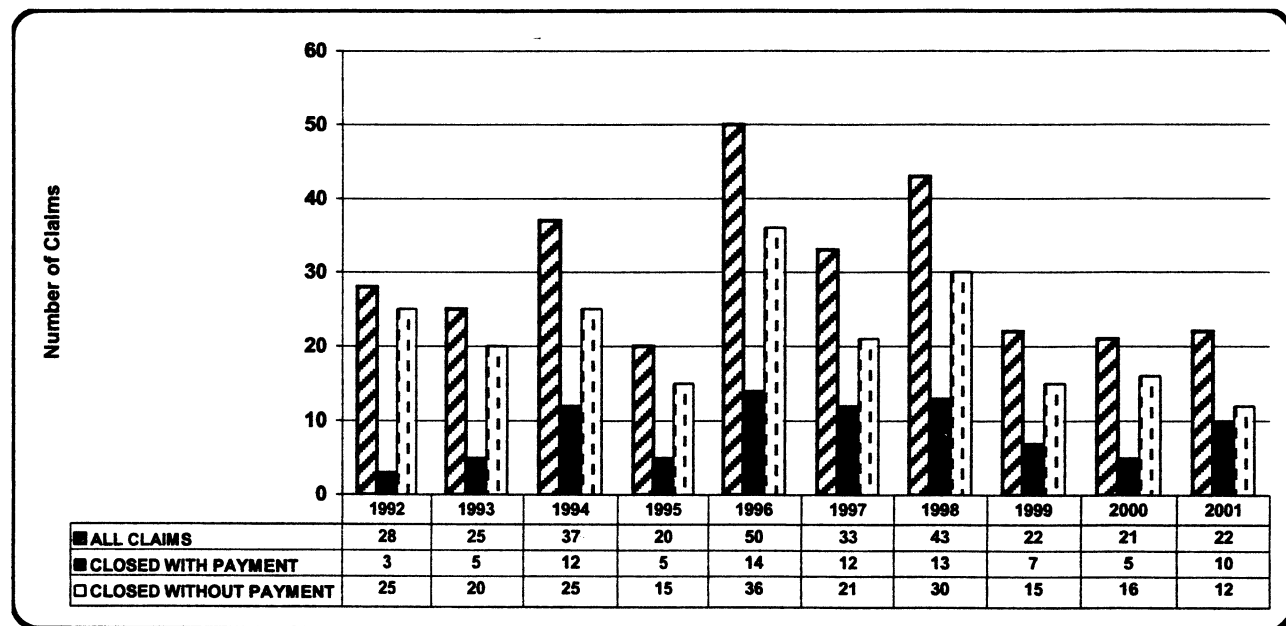


PRE-TRIAL, PRE-HEARING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

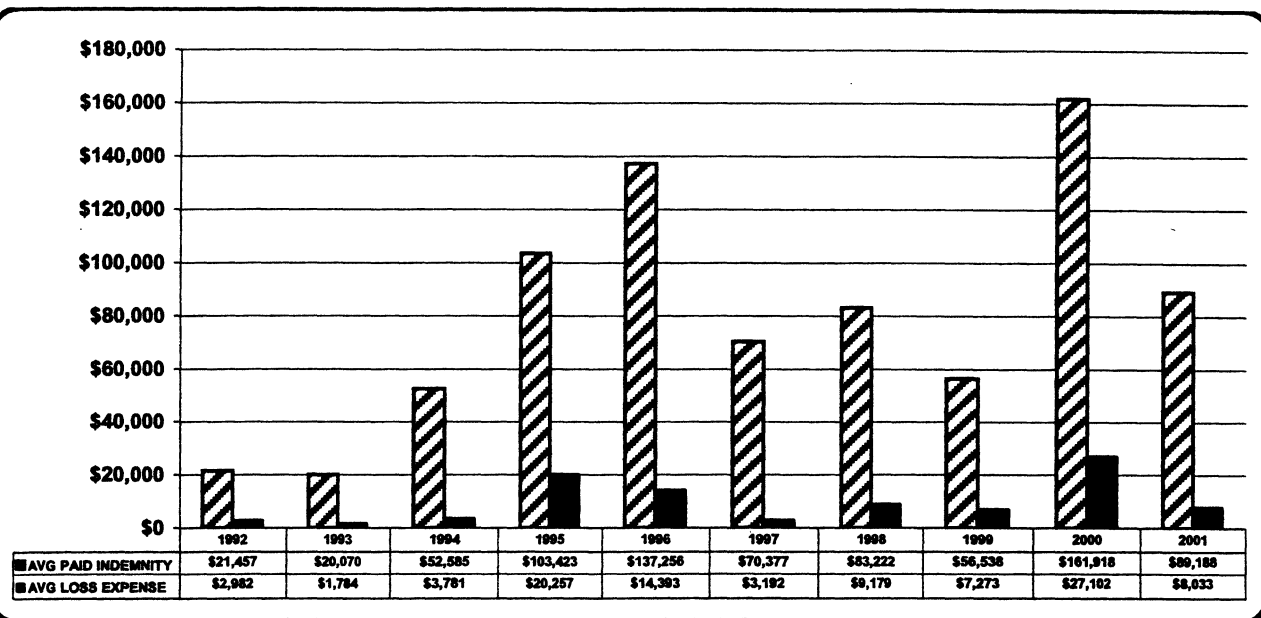


CLAIM COUNT

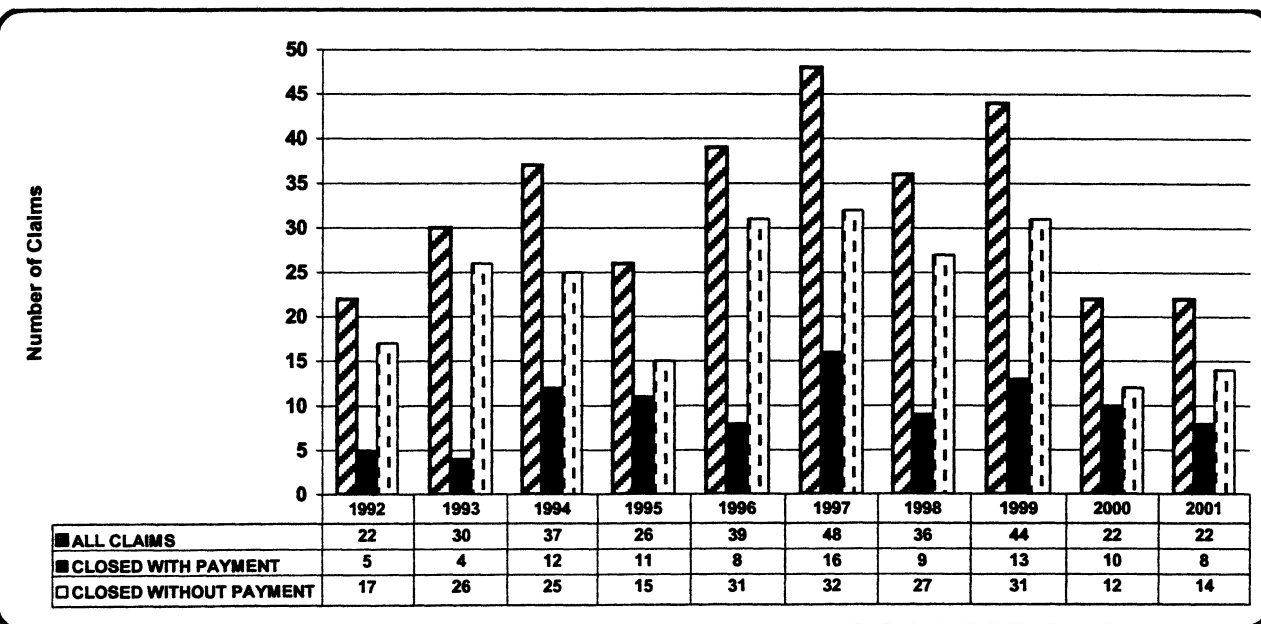


PREPARATION, TRANSMITTAL OR FILING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

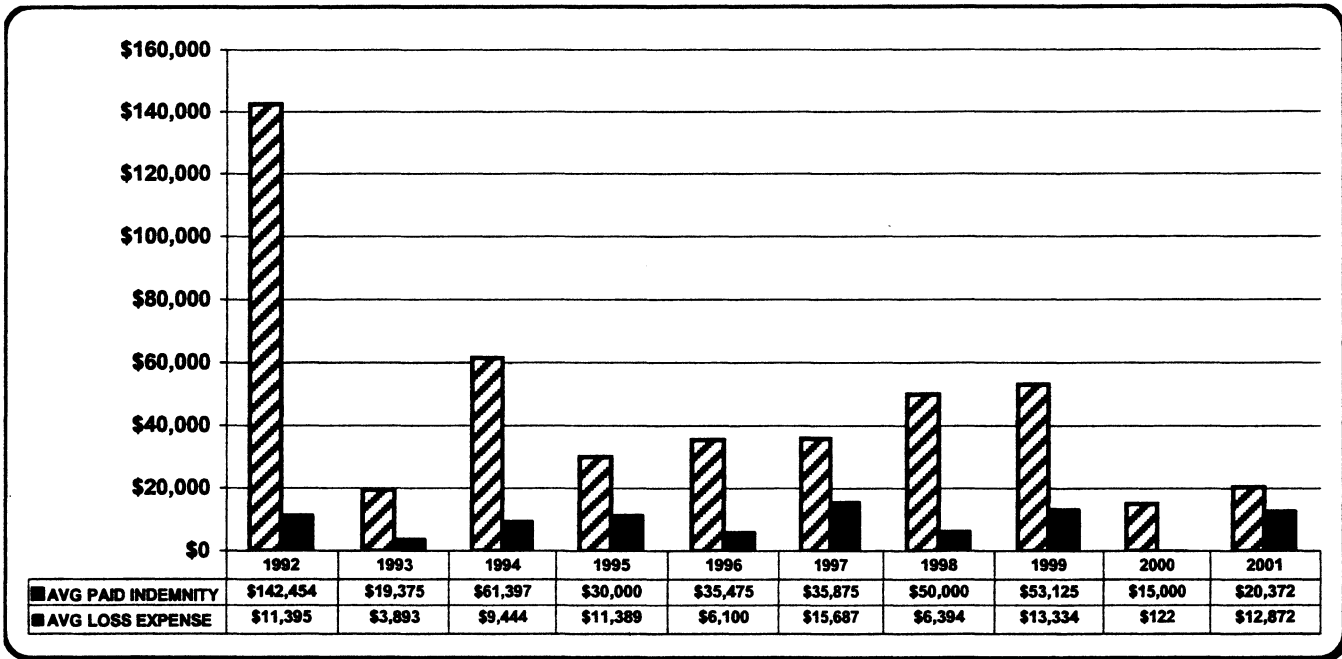


CLAIM COUNT

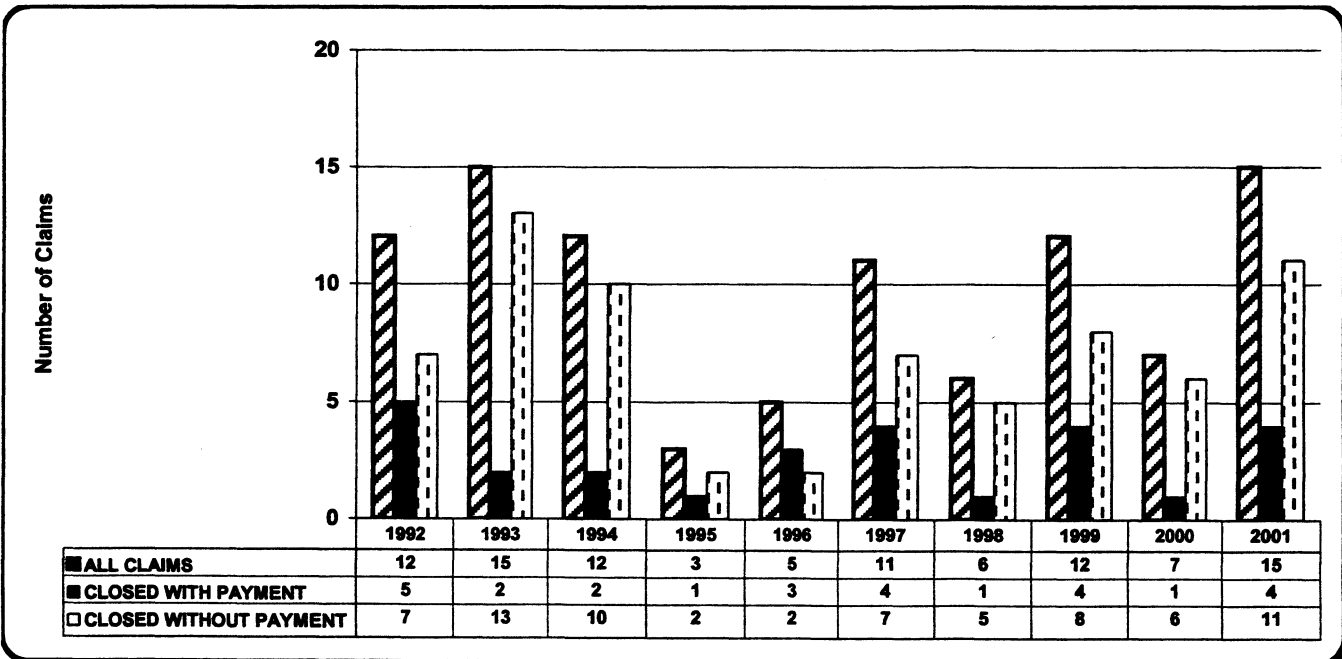


EXPARTE PROCEEDINGS

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

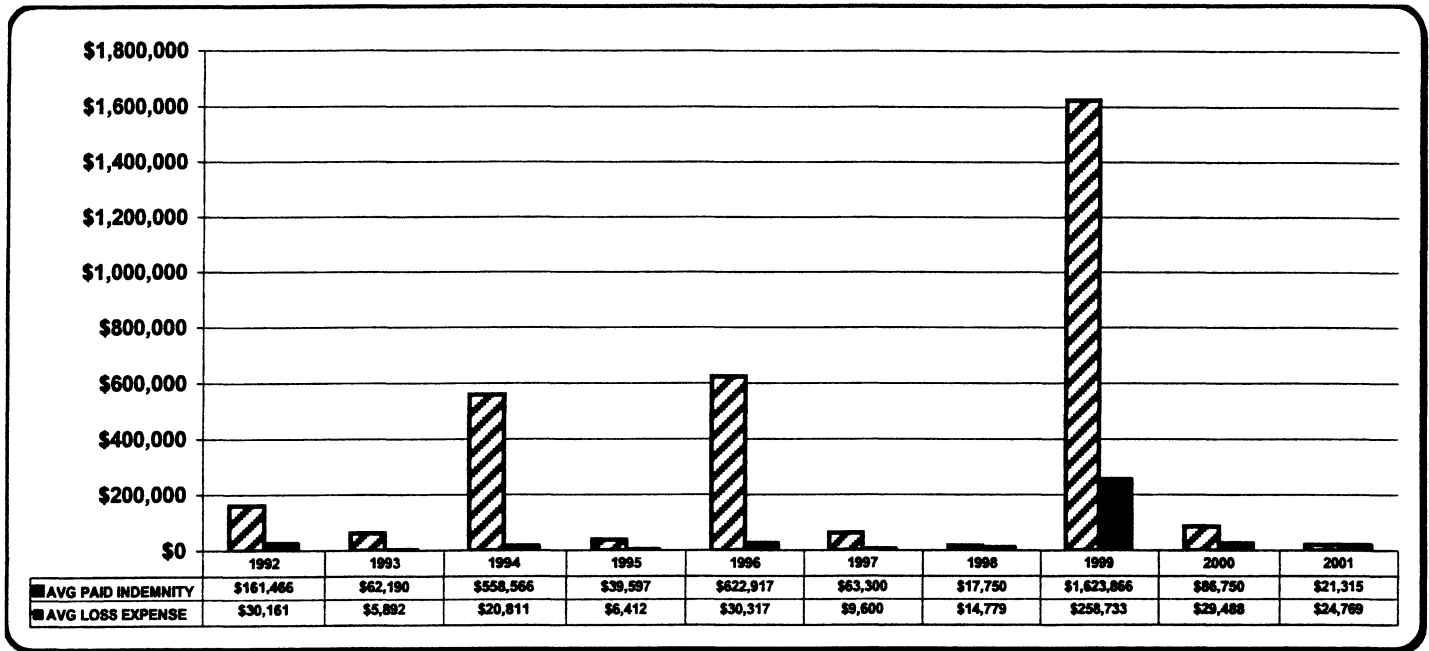


CLAIM COUNT

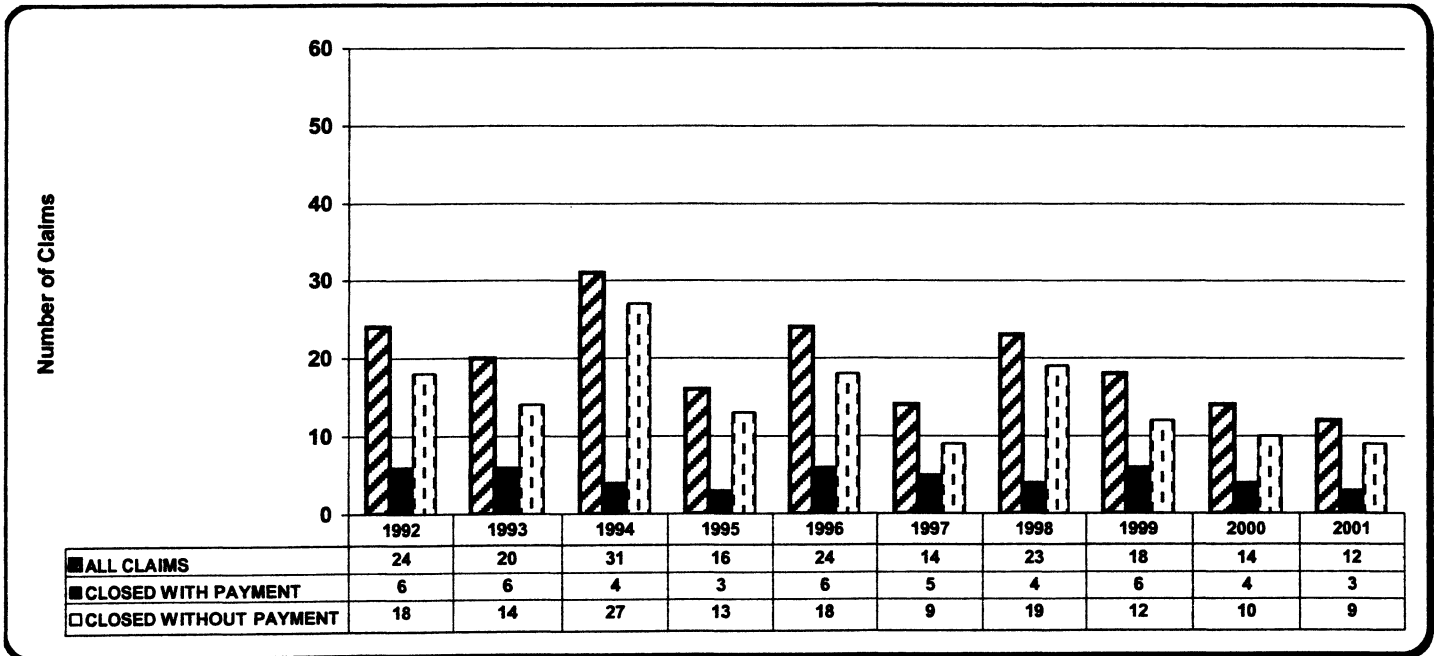


CONSULTATION OR ADVICE

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

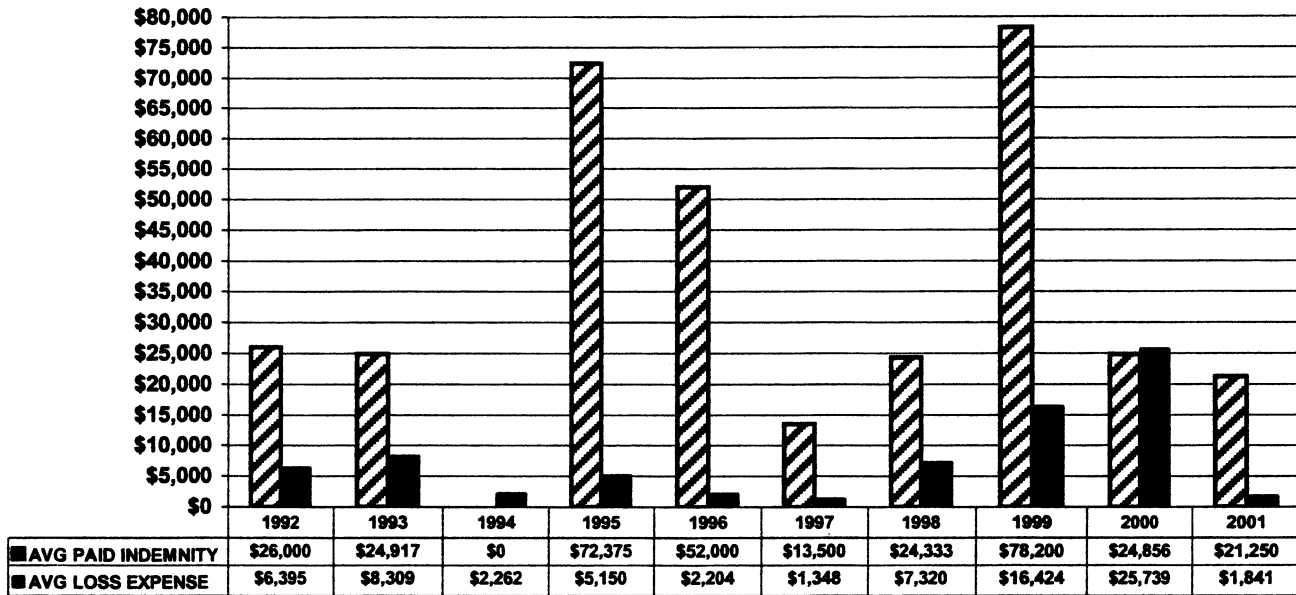


CLAIM COUNT

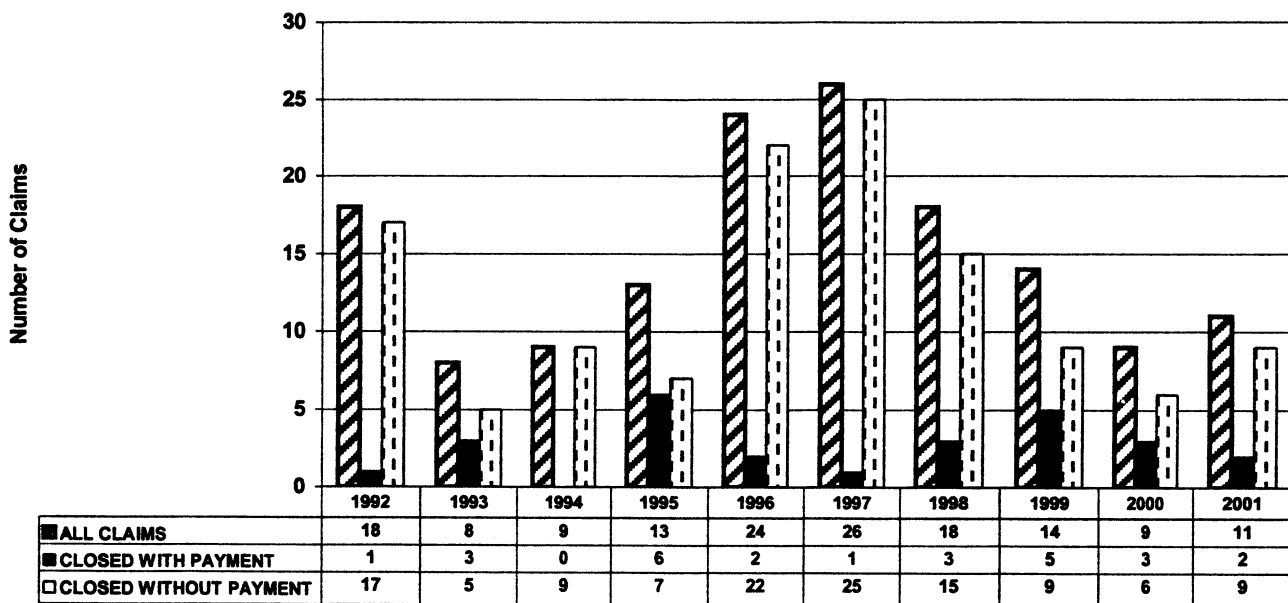


TRIAL OR HEARING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

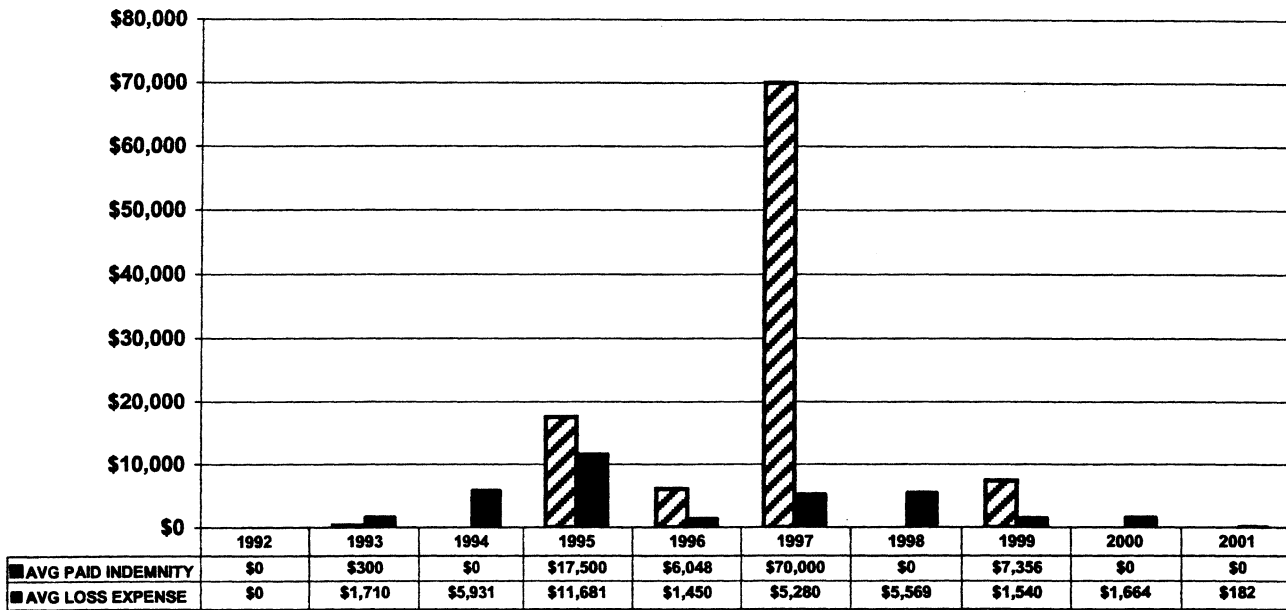


CLAIM COUNT

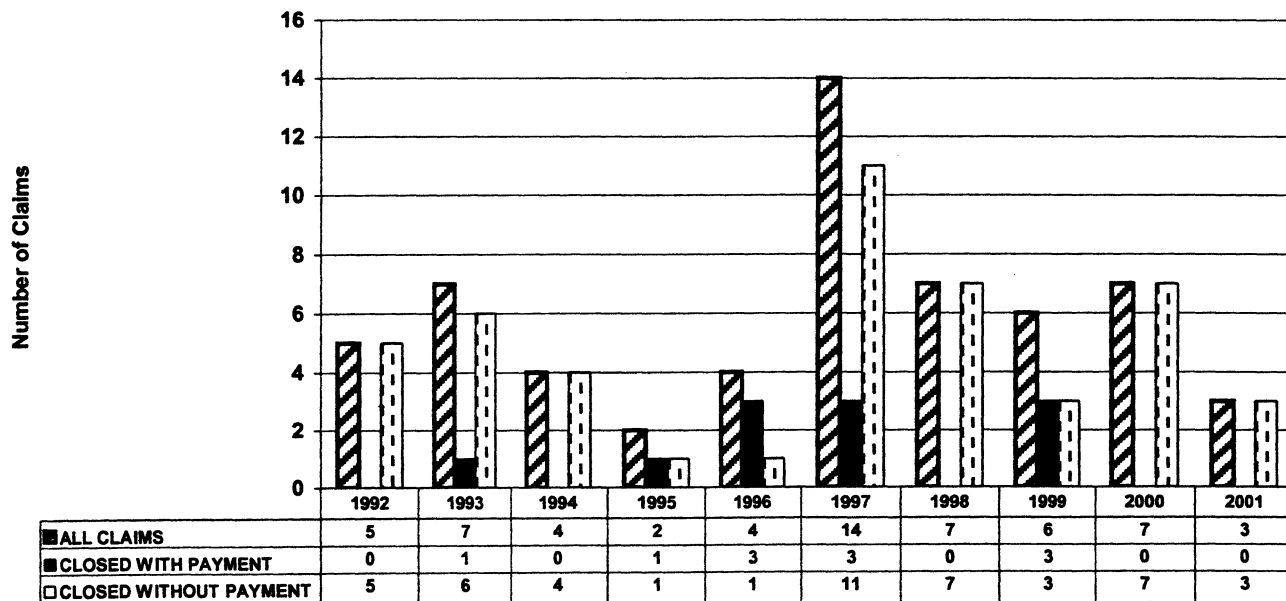


APPEAL ACTIVITIES

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

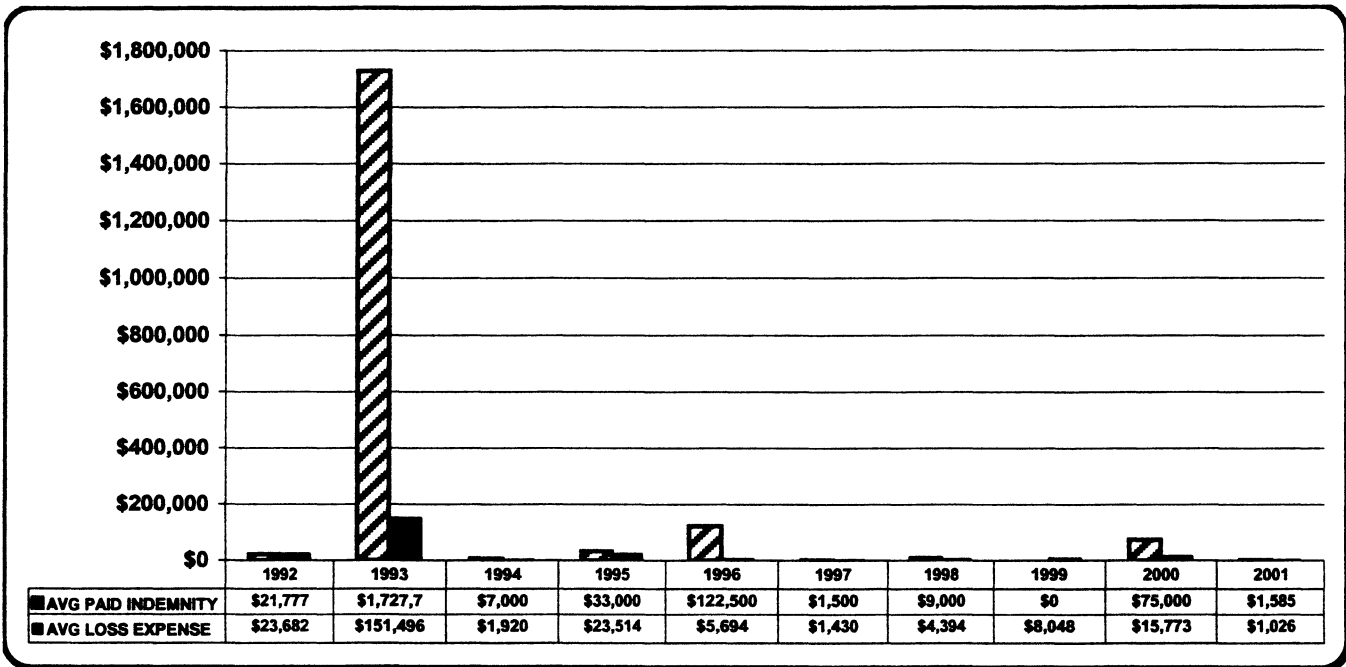


CLAIM COUNT

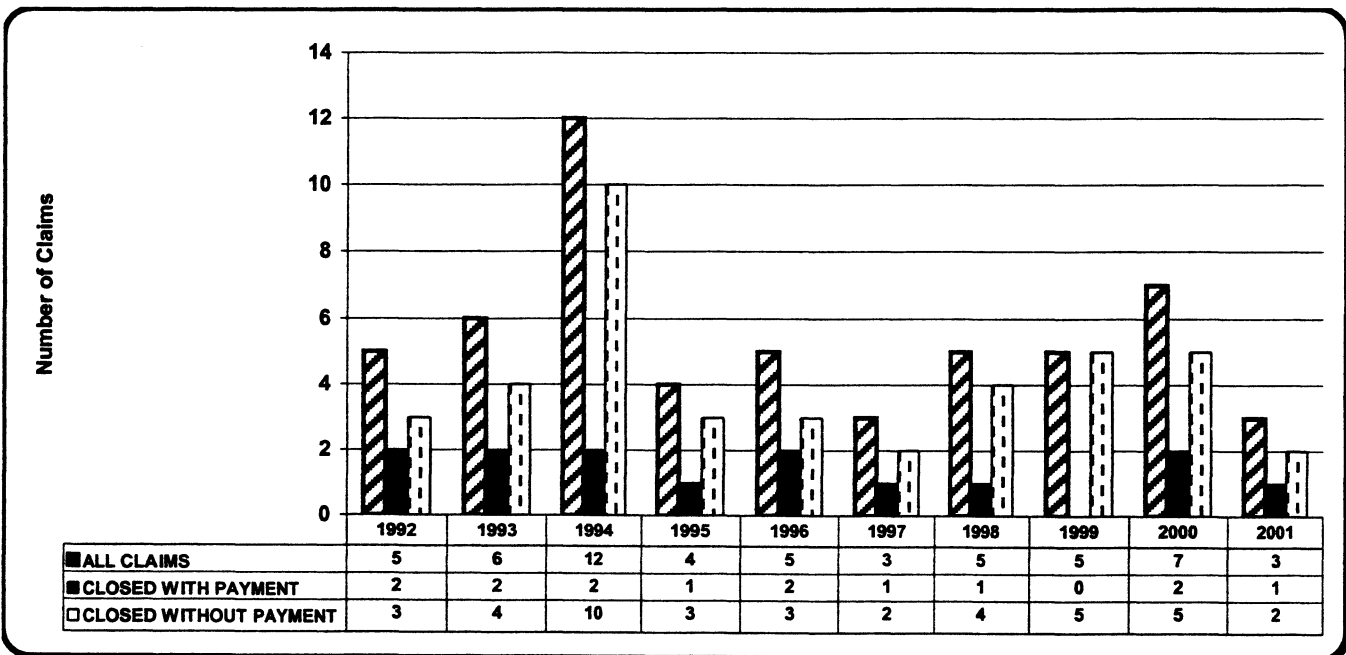


INVESTIGATION, OTHER THAN LITIGATION

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



CLAIM COUNT



**TEN YEAR SUMMARY
&
2001 SUMMARY
BY
ALLEGED ERRORS OR OMISSIONS**



LEGAL MALPRACTICE INSURANCE

INDEMNITY ANALYSIS

FOR YEARS 1992 – 2001

ERROR OR OMISSION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
FAIL TO ASCERTAIN DEADLINE CORRECTLY	400	160	24.02%	\$52,643	\$8,422,847	11.49%	\$2,653
PLANNING OR STRATEGY ERROR	347	77	11.56%	\$102,004	\$7,854,287	10.71%	\$9,708
PROCRASTINATION OR LACK OF FOLLOW-UP	269	55	8.26%	\$76,081	\$4,184,467	5.71%	\$4,522
FAIL TO KNOW OR PROPERLY APPLY THE LAW	211	58	8.71%	\$203,559	\$11,806,405	16.10%	\$13,804
MALICIOUS PROSECUTION OR ABUSE OF PROCESS	195	23	3.45%	\$32,374	\$744,598	1.02%	\$7,574
INADEQUATE INVESTIGATION	147	39	5.86%	\$170,165	\$6,636,427	9.05%	\$16,976
FAIL TO FOLLOW CLIENTS INSTRUCTIONS	143	30	4.50%	\$83,415	\$2,502,443	3.41%	\$7,871
CONFLICT OF INTEREST	139	31	4.65%	\$171,936	\$5,330,016	7.27%	\$14,245
FRAUD	129	21	3.15%	\$625,302	\$13,131,351	17.91%	\$55,194
FAIL TO OBTAIN CLIENTS CONSENT	119	28	4.20%	\$114,918	\$3,217,711	4.39%	\$11,100
OTHER	107	27	4.05%	\$56,775	\$1,532,932	2.09%	\$11,402
FAILURE TO CALENDAR PROPERLY	98	36	5.41%	\$53,064	\$1,910,289	2.61%	\$4,469
VIOLATION OF CIVIL RIGHTS	78	4	0.60%	\$134,500	\$538,000	0.73%	\$5,499
FAILURE TO REACT TO CALENDAR	49	21	3.15%	\$48,014	\$1,008,290	1.38%	\$6,846
CLERICAL ERROR	47	12	1.80%	\$47,539	\$570,469	0.78%	\$3,107
FAIL TO ANTICIPATE TAX CONSEQUENCES	40	15	2.25%	\$58,395	\$875,932	1.19%	\$14,784
FAIL TO FILE DOCUMENTS WITH NO DEADLINE	38	13	1.95%	\$44,804	\$582,448	0.79%	\$10,848
IMPROPER WITHDRAWAL FROM REPRESENTATION	36	6	0.90%	\$26,583	\$159,500	0.22%	\$7,598
LIBEL OR SLANDER	23	2	0.30%	\$16,150	\$32,300	0.04%	\$3,841
ERROR IN PUBLIC RECORD SEARCH	20	2	0.30%	\$70,002	\$140,003	0.19%	\$4,894
ERROR IN MATHEMATICAL CALCULATION	8	3	0.45%	\$55,519	\$166,558	0.23%	\$18,824
LOST FILE, DOCUMENT OR EVIDENCE	8	3	0.45%	\$655,223	\$1,965,670	2.68%	\$5,433
TOTAL	2,651	666	100.00%	\$110,079	\$73,312,941	100.00%	\$10,677

LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 2001

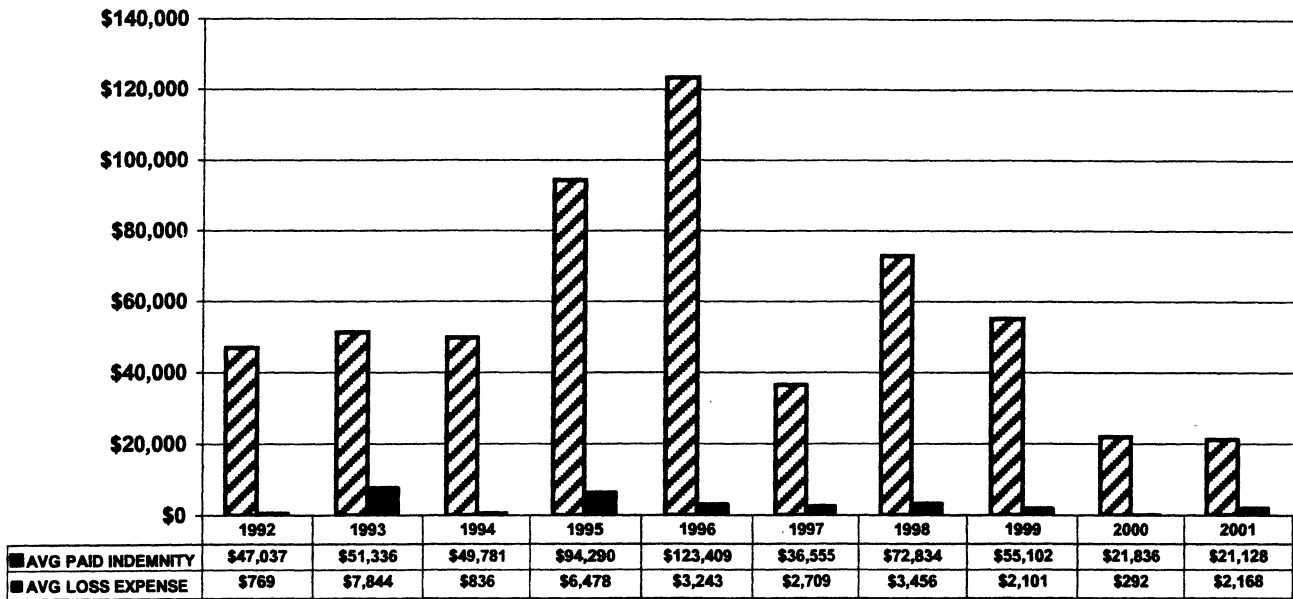
ERROR OR OMISSION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
FAIL TO ASCERTAIN DEADLINE CORRECTLY	47	19	29.69%	\$21,128	\$401,429	16.52%	\$2,168
PROCRASTINATION OR LACK OF FOLLOW-UP	31	6	9.38%	\$54,500	\$327,000	13.46%	\$13,082
PLANNING OR STRATEGY ERROR	18	6	9.38%	\$42,615	\$255,691	10.52%	\$14,498
OTHER	16	5	7.81%	\$23,000	\$115,000	4.73%	\$11,329
INADEQUATE INVESTIGATION	12	5	7.81%	\$26,317	\$131,585	5.41%	\$4,856
MALICIOUS PROSECUTION OR ABUSE OF PROCESS	12	1	1.56%	\$35,000	\$35,000	1.44%	\$6,205
FAIL TO KNOW OR PROPERLY APPLY THE LAW	11	2	3.13%	\$166,250	\$332,500	13.68%	\$8,068
CLERICAL ERROR	9	4	6.25%	\$32,132	\$128,527	5.29%	\$787
CONFLICT OF INTEREST	9	3	4.69%	\$28,333	\$85,000	3.50%	\$8,029
FAIL TO FOLLOW CLIENTS INSTRUCTIONS	9	1	1.56%	\$60,000	\$60,000	2.47%	\$28,038
FRAUD	8	3	4.69%	\$94,710	\$284,129	11.69%	\$20,958
FAIL TO FILE DOCUMENTS WITH NO DEADLINE	6	0	0.00%	N/A	\$0	0.00%	\$24,235
FAILURE TO REACT TO CALENDAR	6	2	3.13%	\$7,611	\$15,222	0.63%	\$39
LIBEL OR SLANDER	5	1	1.56%	\$21,300	\$21,300	0.88%	\$8,959
VIOLATION OF CIVIL RIGHTS	4	0	0.00%	N/A	\$0	0.00%	\$5,424
FAIL TO ANTICIPATE TAX CONSEQUENCES	3	1	1.56%	\$34,086	\$34,086	1.40%	\$4,088
FAIL TO OBTAIN CLIENTS CONSENT	3	1	1.56%	N/A	\$25,000	1.03%	\$1,147
FAILURE TO CALENDAR PROPERLY	3	2	3.13%	N/A	\$18,800	0.77%	\$0
ERROR IN MATHEMATICAL CALCULATION	2	1	1.56%	N/A	\$145,000	5.97%	\$29,885
ERROR IN PUBLIC RECORD SEARCH	2	1	1.56%	N/A	\$15,003	0.62%	\$0
IMPROPER WITHDRAWAL FROM REPRESENTATION	1	0	0.00%	N/A	\$0	0.00%	\$18
TOTAL	217	64	100.00%	\$37,973	\$2,430,272	100.00%	\$9,023

**TRENDS
OF THE TOP TEN
ERRORS OR OMISSIONS
OF 2001**

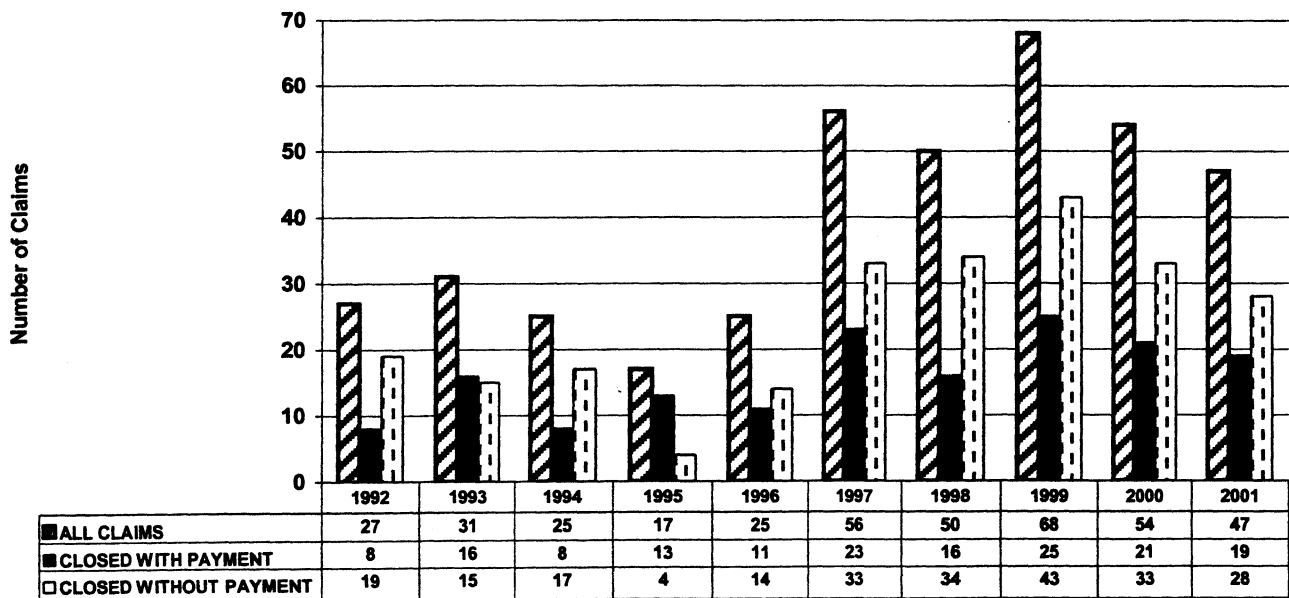


FAIL TO ASCERTAIN DEADLINE CORRECTLY

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

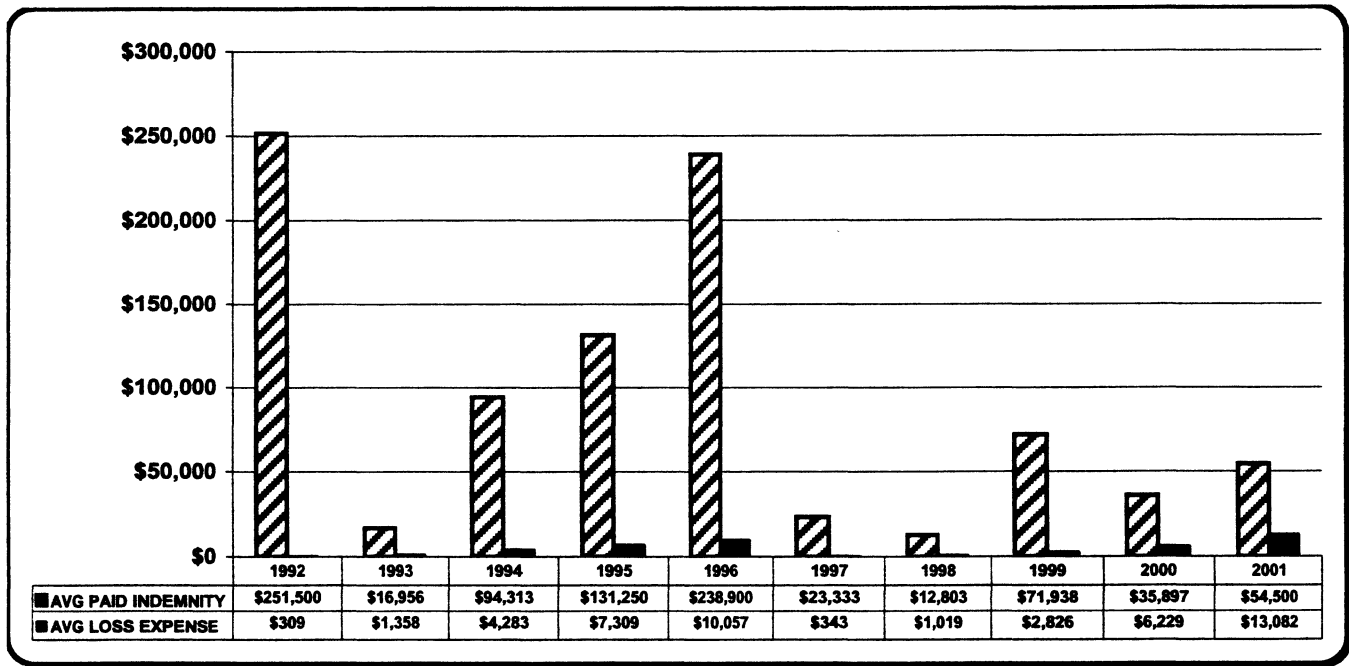


CLAIM COUNT

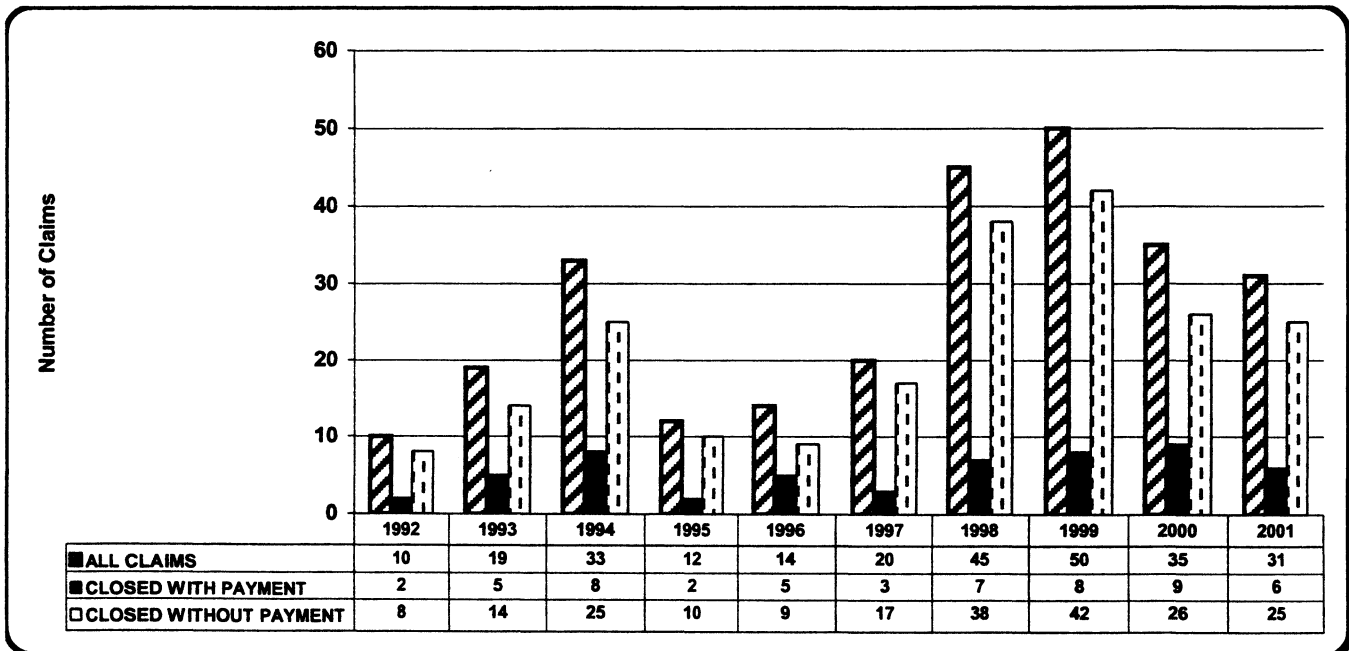


PROCRASTINATION OR LACK OF FOLLOW-UP

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

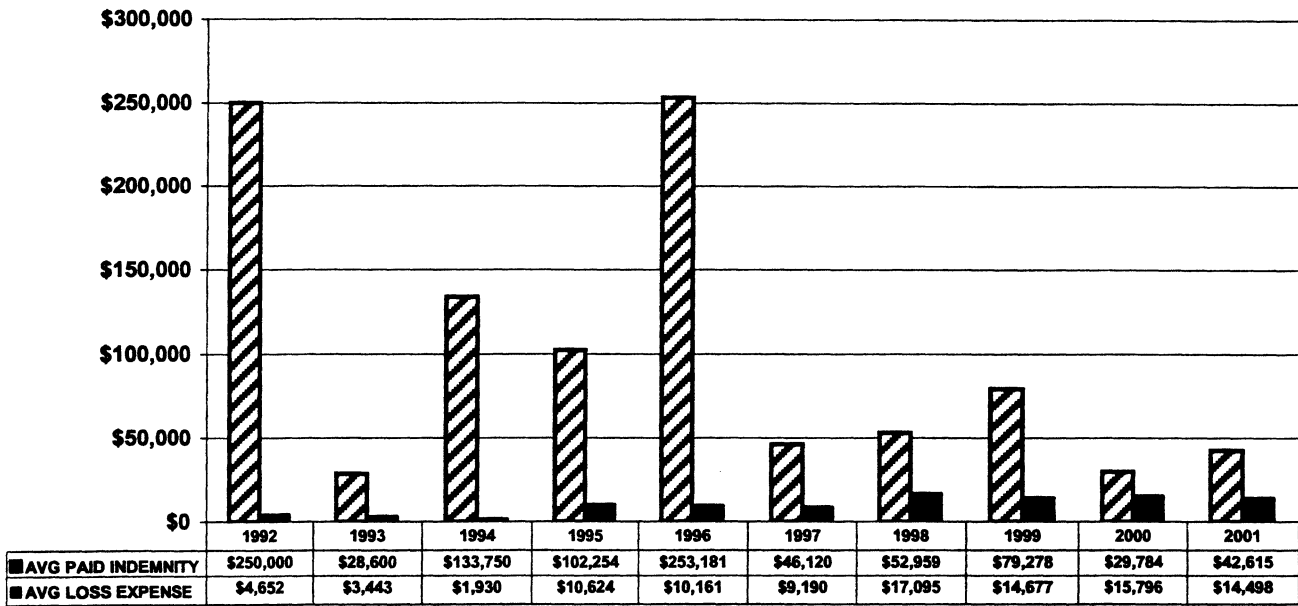


CLAIM COUNT

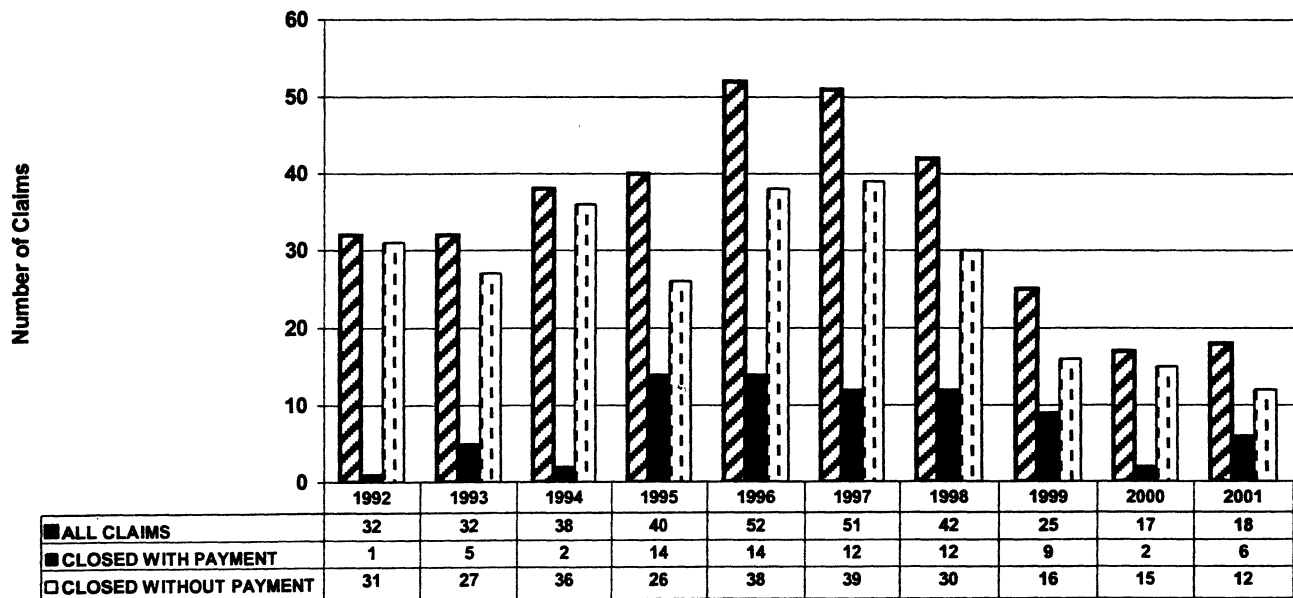


PLANNING OR STRATEGY ERROR

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

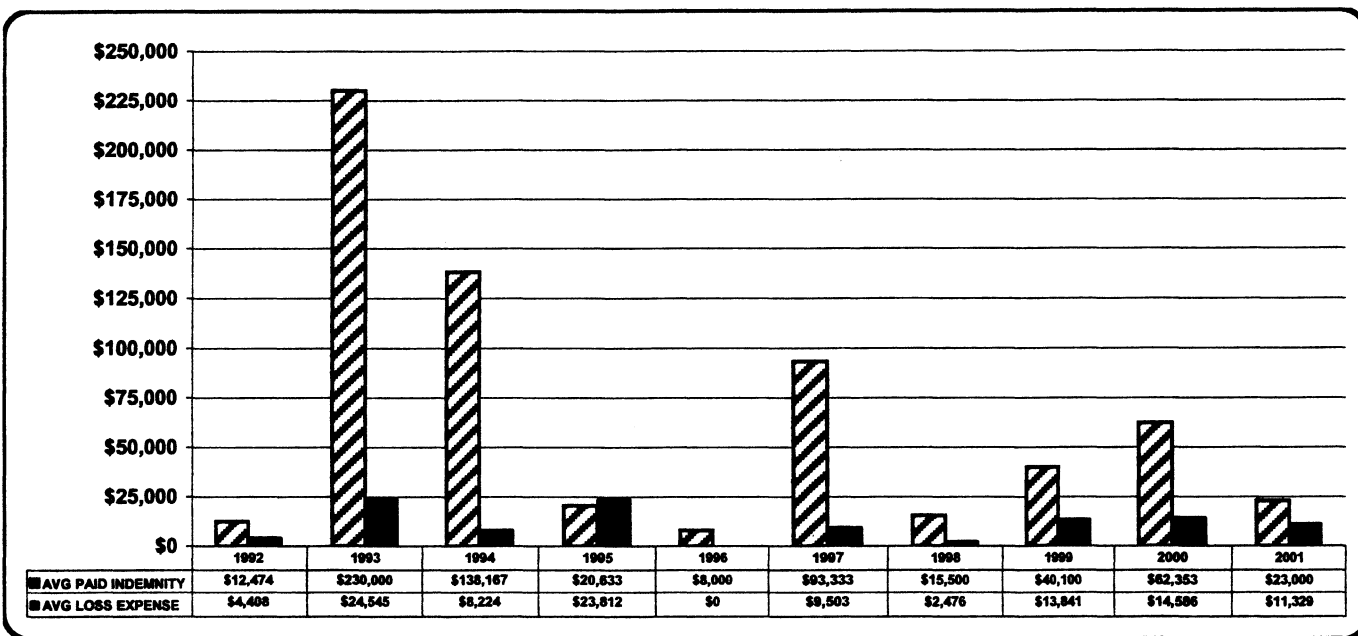


CLAIM COUNT

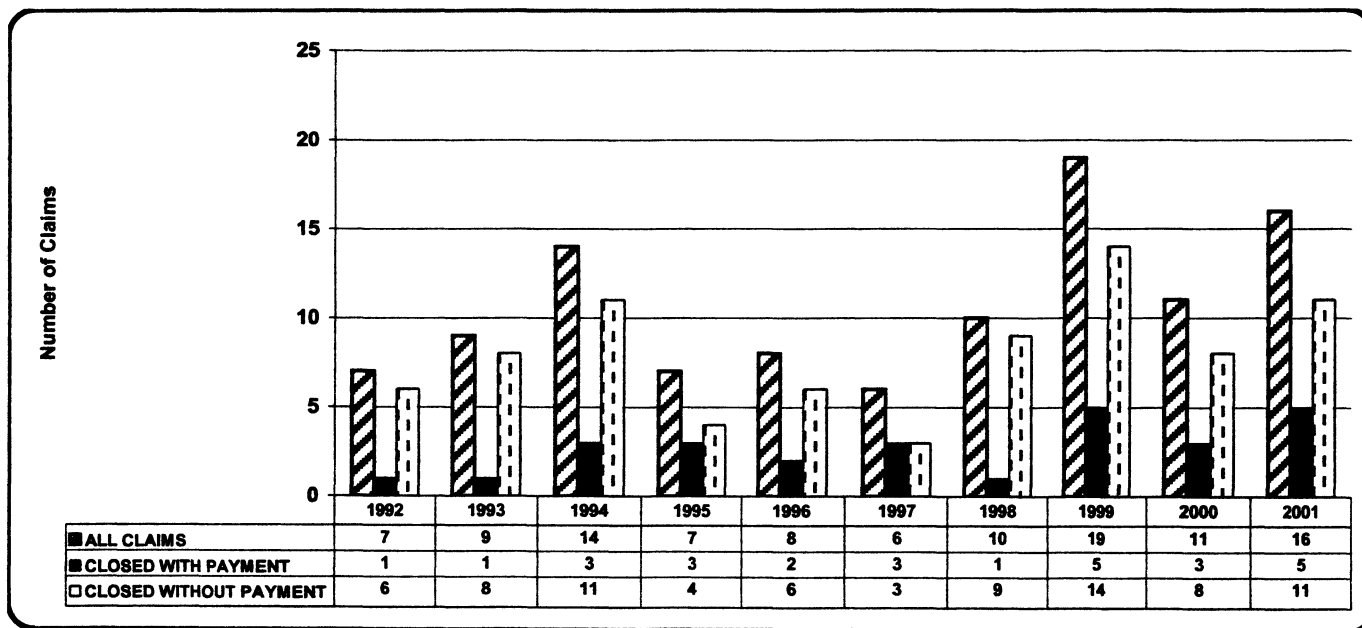


OTHER

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

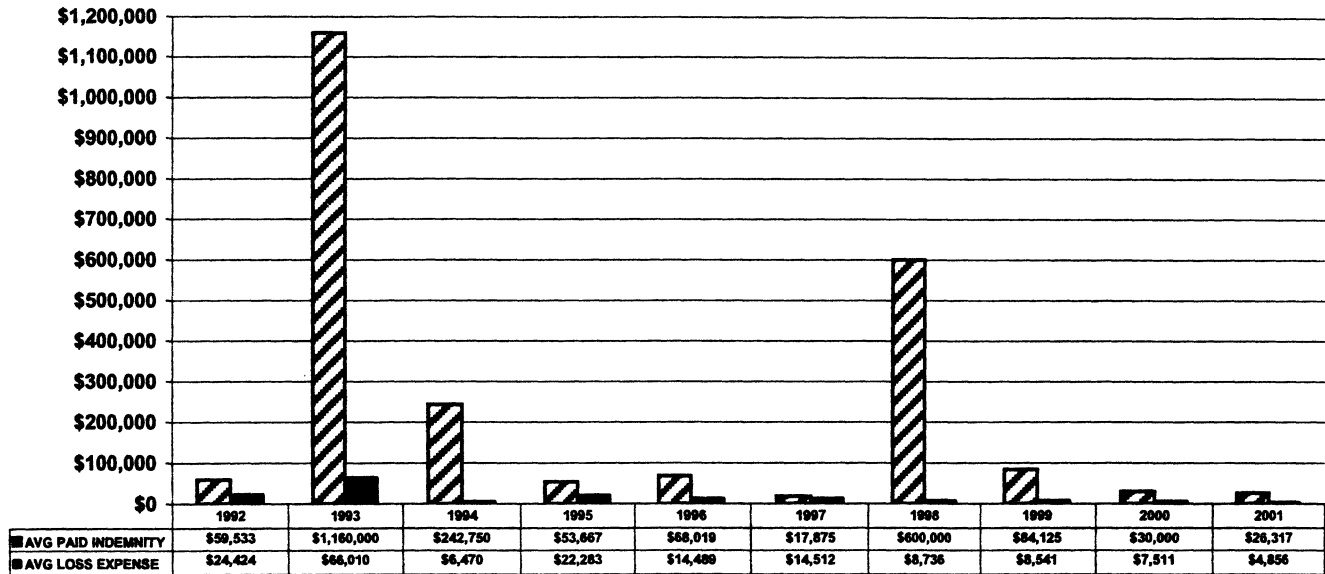


CLAIM COUNT

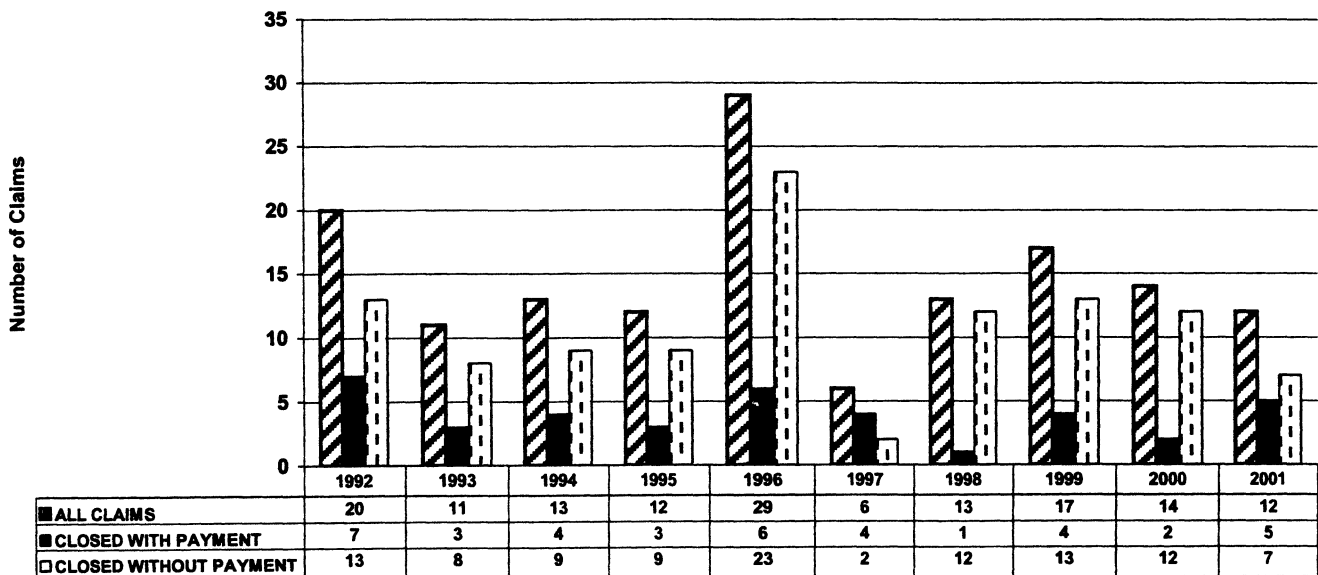


INADEQUATE INVESTIGATION

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

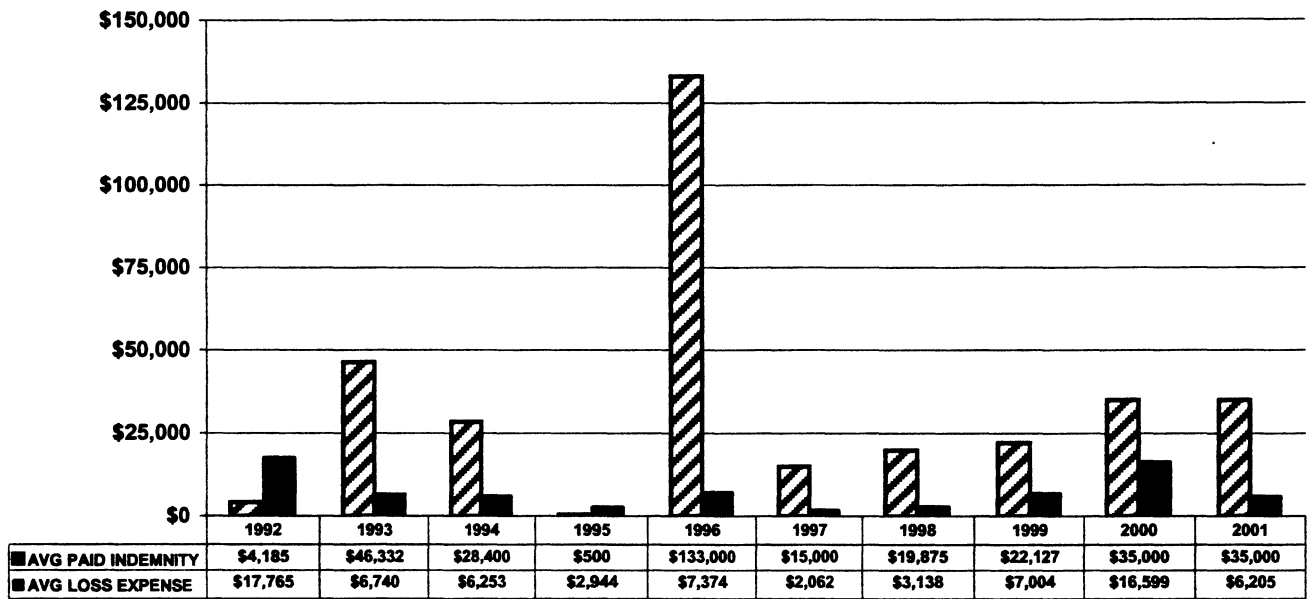


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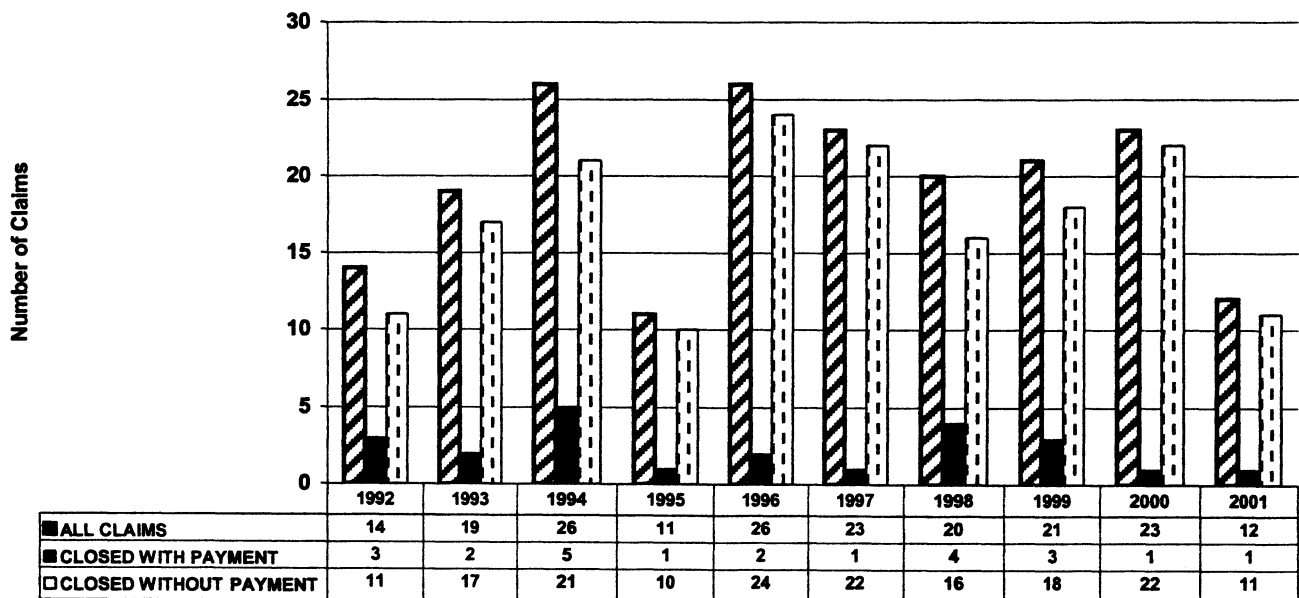


MALICIOUS PROSECUTION OR ABUSE OF PROCESS

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

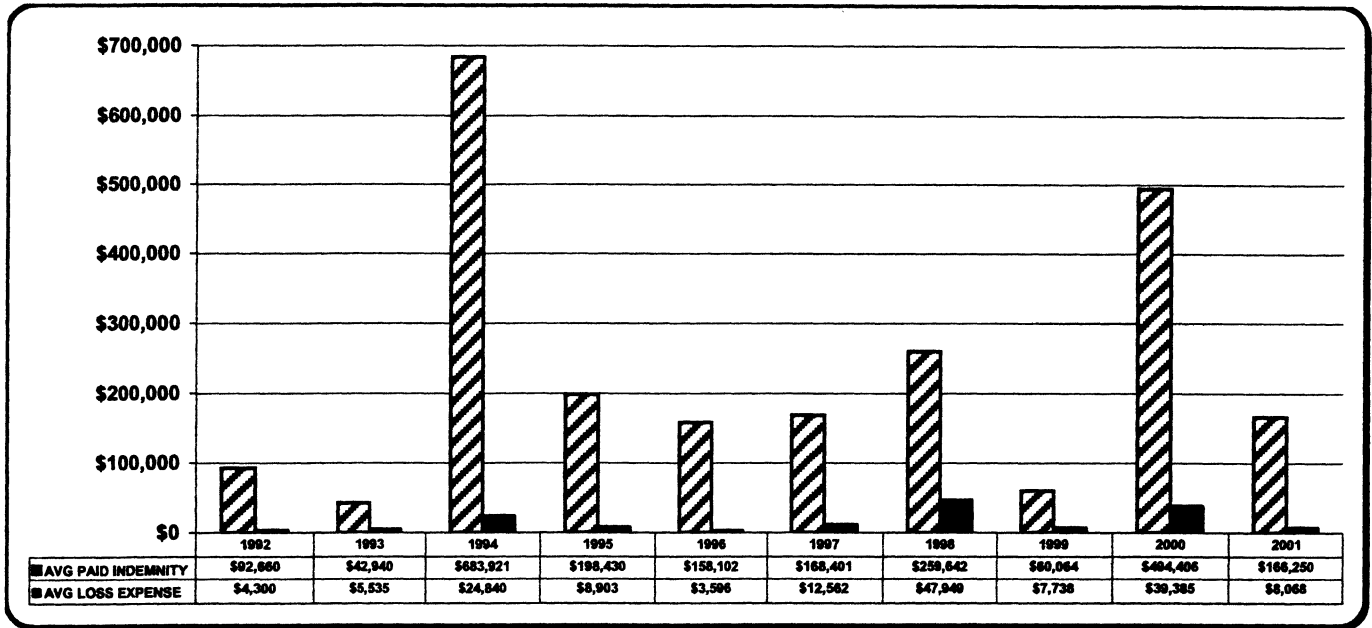


CLAIM COUNT

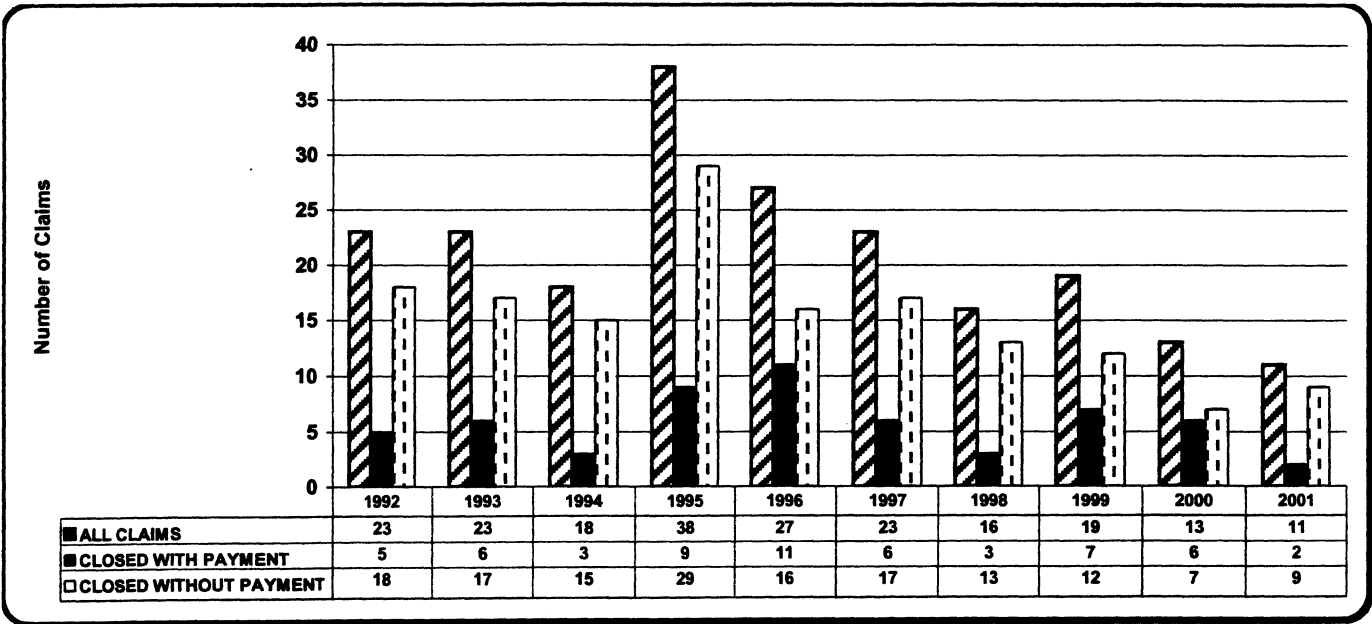


FAIL TO KNOW OR PROPERLY APPLY THE LAW

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

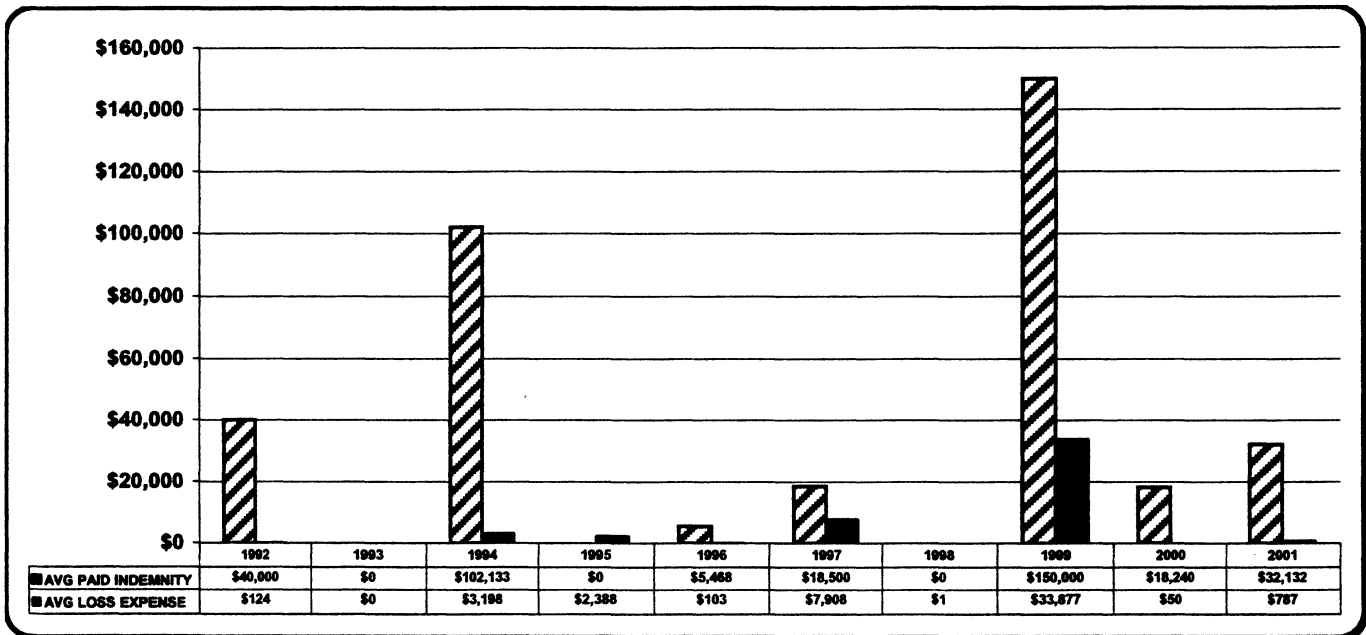


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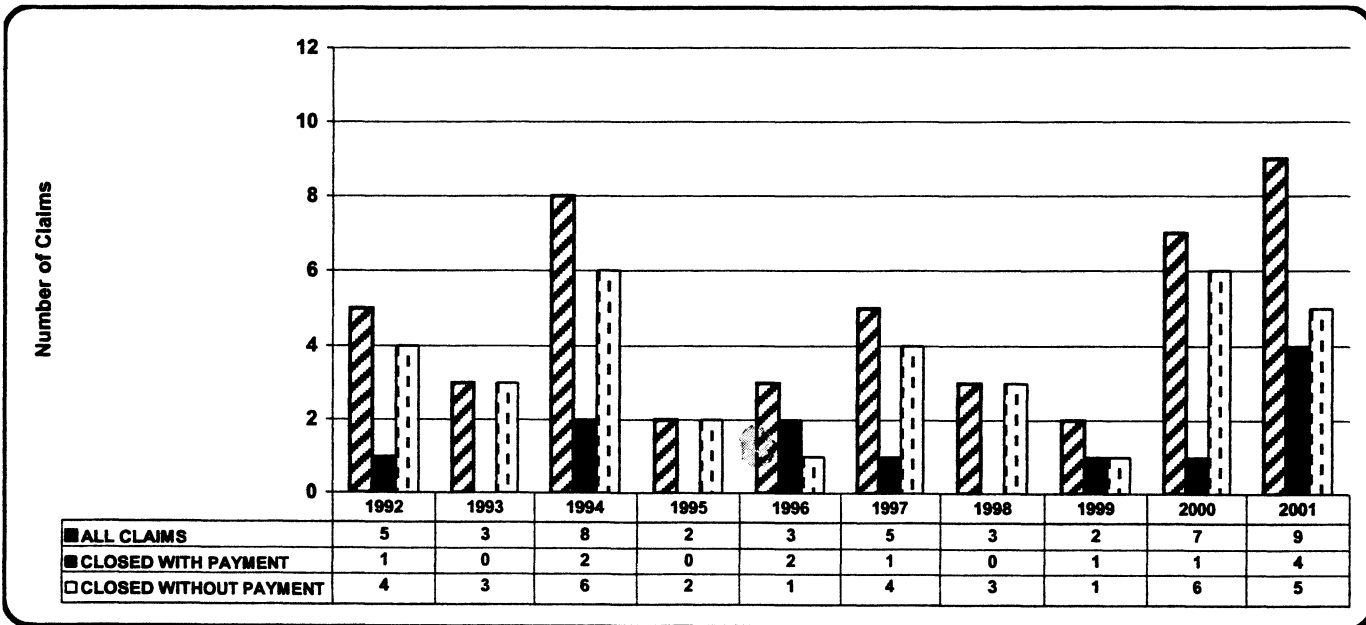


CLERICAL ERROR

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

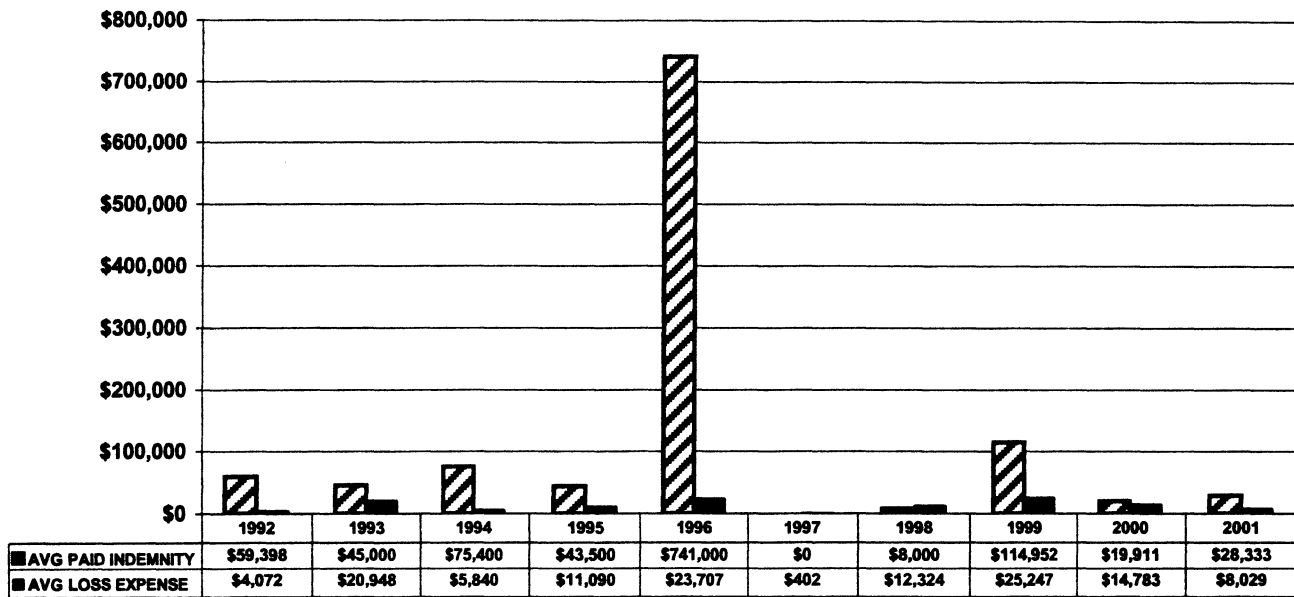


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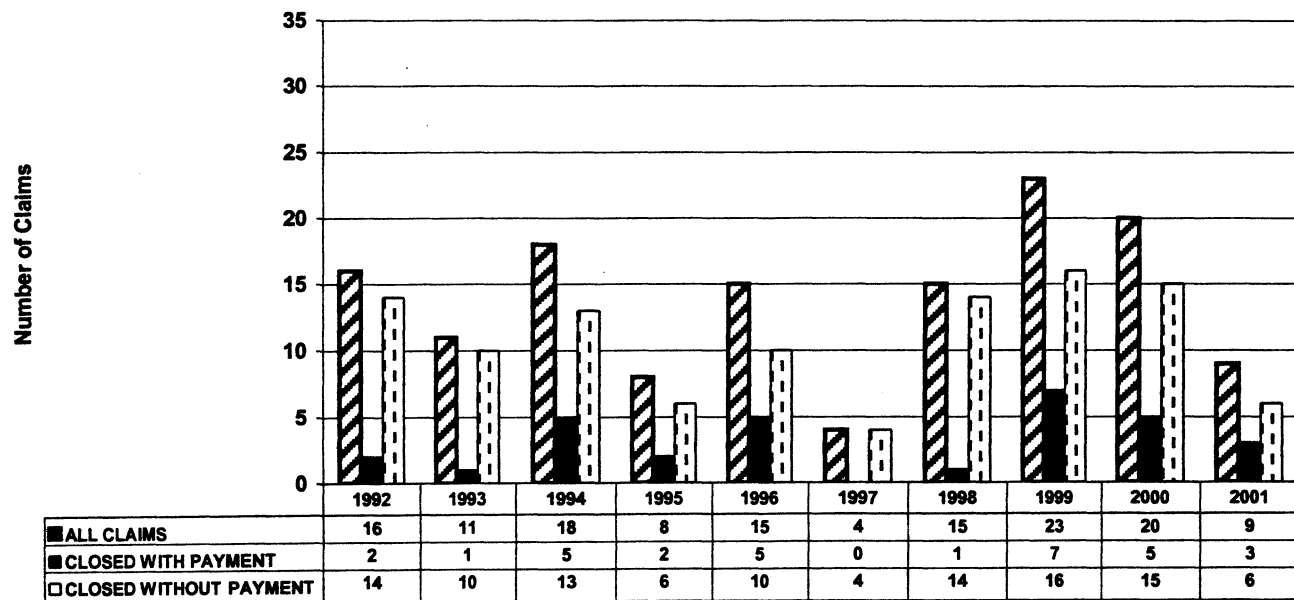


CONFLICT OF INTEREST

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

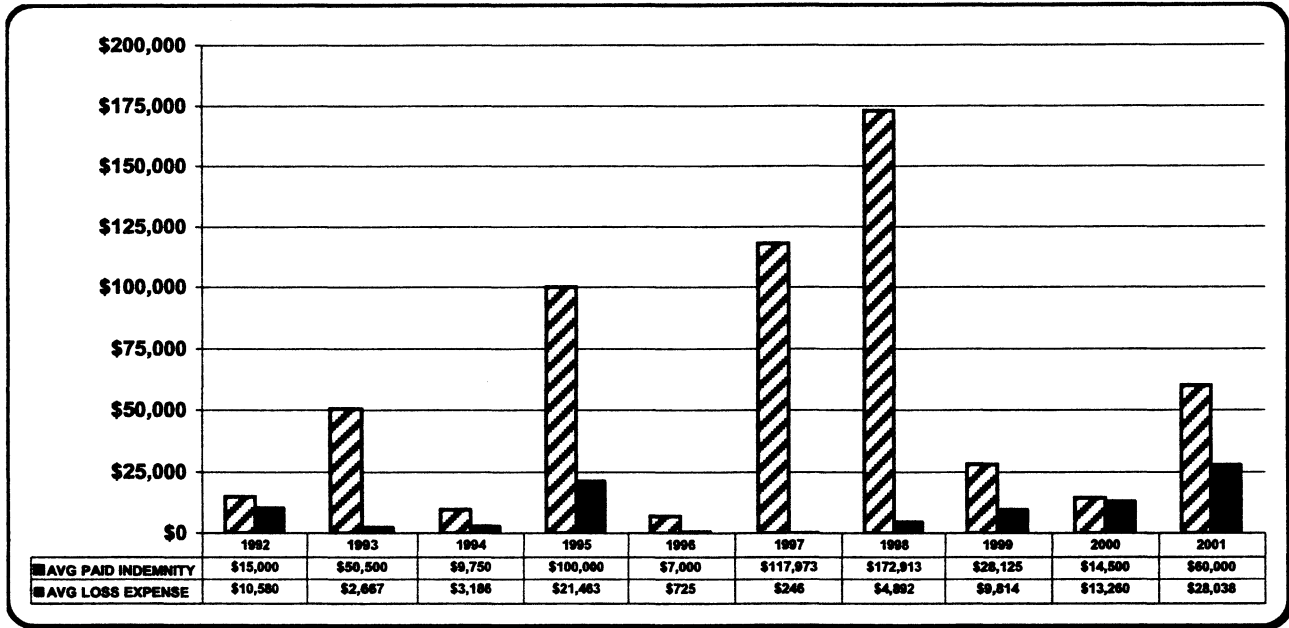


CLAIM COUNT

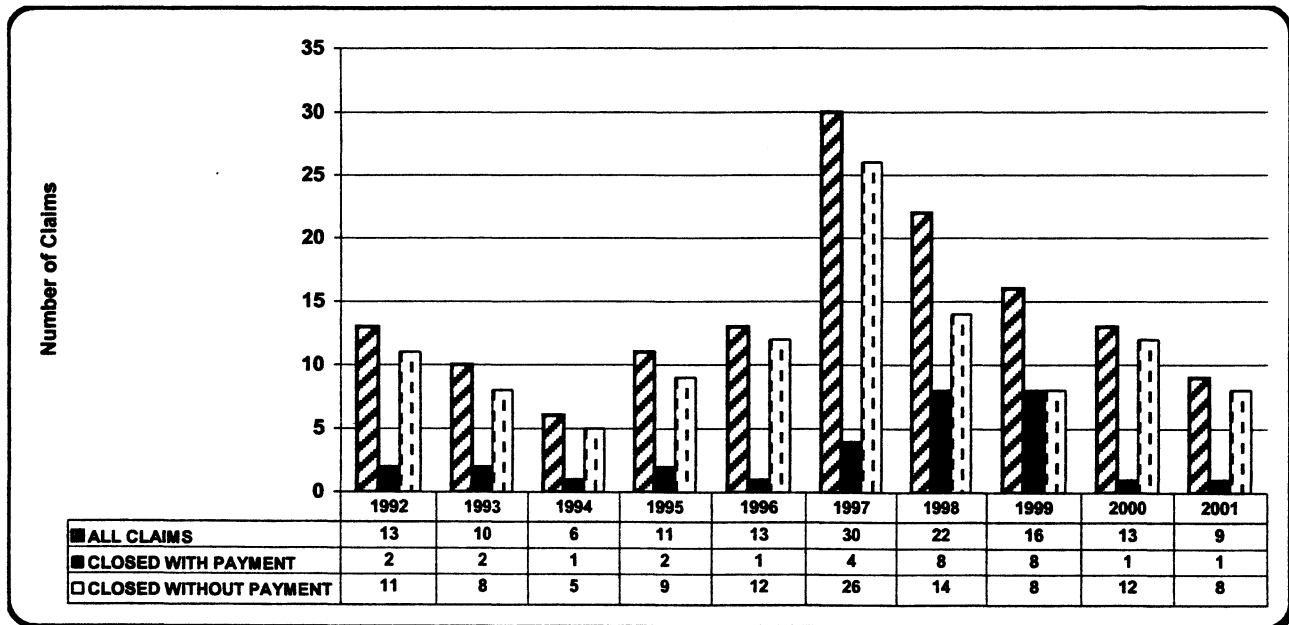


FAIL TO FOLLOW CLIENTS INSTRUCTIONS

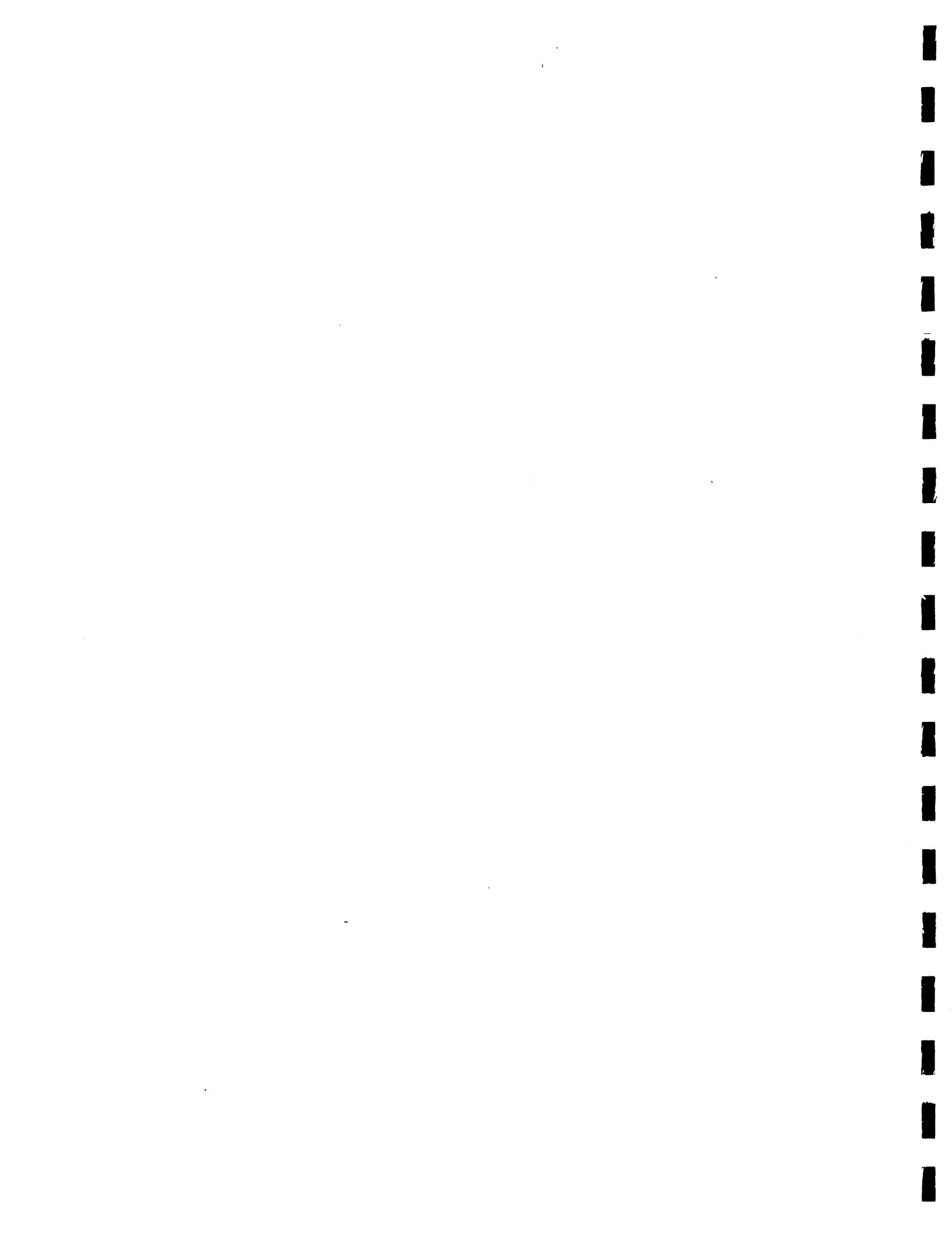
AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



CLAIM COUNT



**TEN YEAR SUMMARY
&
2001 SUMMARY
BY
CLAIM DISPOSITIONS**



LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 1992 – 2001

CLAIM DISPOSITION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BEFORE FILING SUIT OR DEMANDING HEARING	1,247	330	49.55%	\$58,872	\$19,427,677	26.50%	\$1,296
BEFORE TRIAL OR HEARING	929	285	42.79%	\$149,555	\$42,623,315	58.14%	\$18,914
CLAIM OR SUIT ABANDONED	268	0	0.00%	N/A	\$0	0.00%	\$922
AFTER APPEAL	84	16	2.40%	\$330,247	\$5,283,944	7.21%	\$64,217
DURING TRIAL OR HEARING	45	17	2.55%	\$196,125	\$3,334,127	4.55%	\$29,182
AFTER JUDGMENT, BEFORE APPEAL	33	8	1.20%	\$178,171	\$1,425,370	1.94%	\$21,649
DURING APPEAL	24	7	1.05%	\$92,523	\$647,663	0.88%	\$44,020
AFTER TRIAL OR HEARING, BEFORE JUDGMENT	20	3	0.45%	\$190,282	\$570,845	0.78%	\$19,548
DURING REVIEW PANEL	1	0	0.00%	N/A	\$0	0.00%	\$0
TOTAL	2,651	666	100.00%	\$110,079	\$73,312,941	100.00%	\$10,677

LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 2001

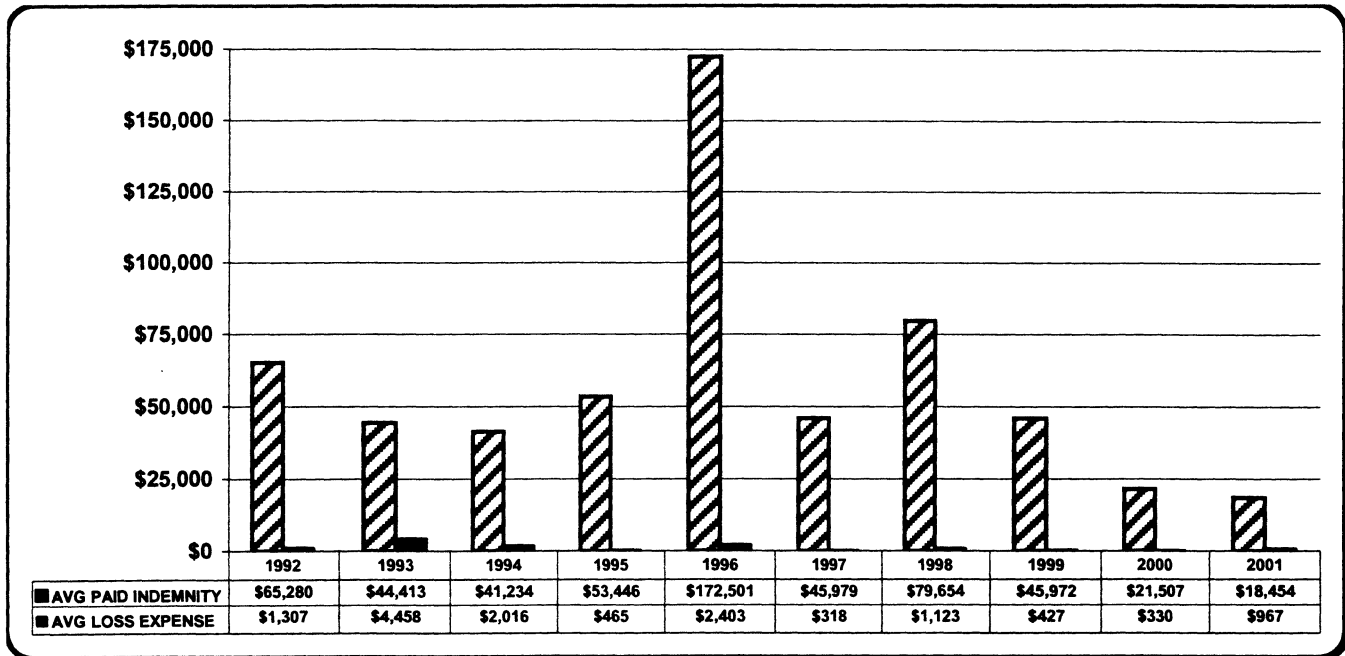
CLAIM DISPOSITION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BEFORE FILING SUIT OR DEMANDING HEARING	108	31	48.44%	\$18,454	\$572,067	23.54%	\$967
BEFORE TRIAL OR HEARING	83	30	46.88%	\$60,692	\$1,820,760	74.92%	\$12,955
AFTER APPEAL	15	2	3.13%	\$6,473	\$12,945	0.53%	\$35,626
DURING APPEAL	4	0	0.00%	N/A	\$0	0.00%	\$54,673
AFTER JUDGMENT, BEFORE APPEAL	2	1	1.56%	\$24,500	\$24,500	1.01%	\$0
AFTER TRIAL OR HEARING, BEFORE JUDGMENT	2	0	0.00%	N/A	\$0	0.00%	\$3,718
CLAIM OR SUIT ABANDONED	2	0	0.00%	N/A	\$0	0.00%	\$7,955
DURING TRIAL OR HEARING	1	0	0.00%	N/A	\$0	0.00%	\$2,041
TOTAL	217	64	100.00%	\$37,973	\$2,430,272	100.00%	\$9,023

**TRENDS
OF THE TOP EIGHT
CLAIM DISPOSITIONS
OF 2001**

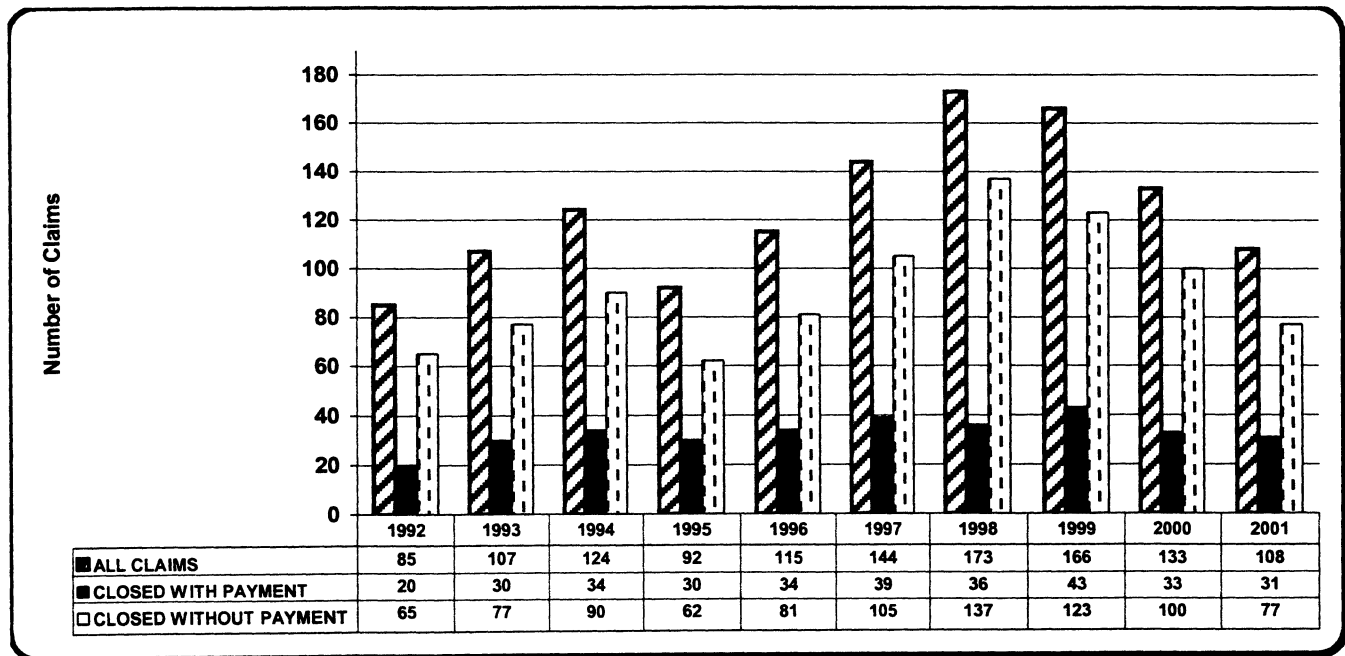


BEFORE FILING SUIT OR DEMANDING HEARING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

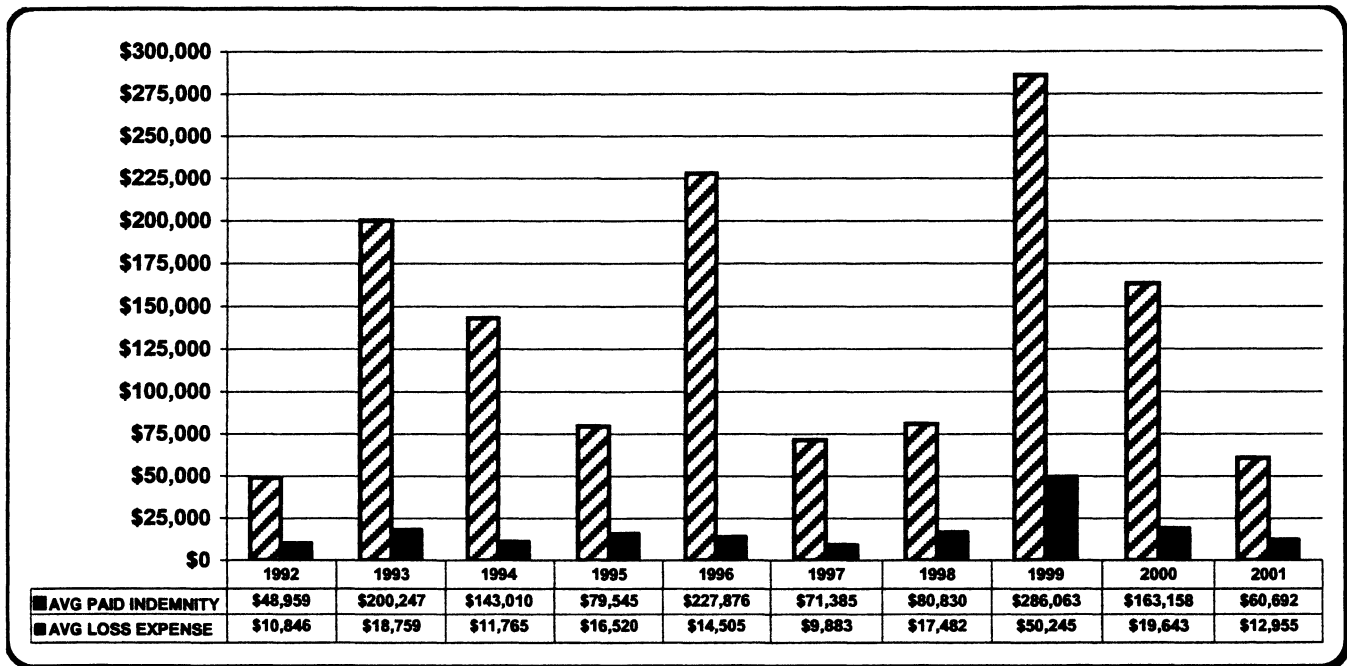


CLAIM COUNT

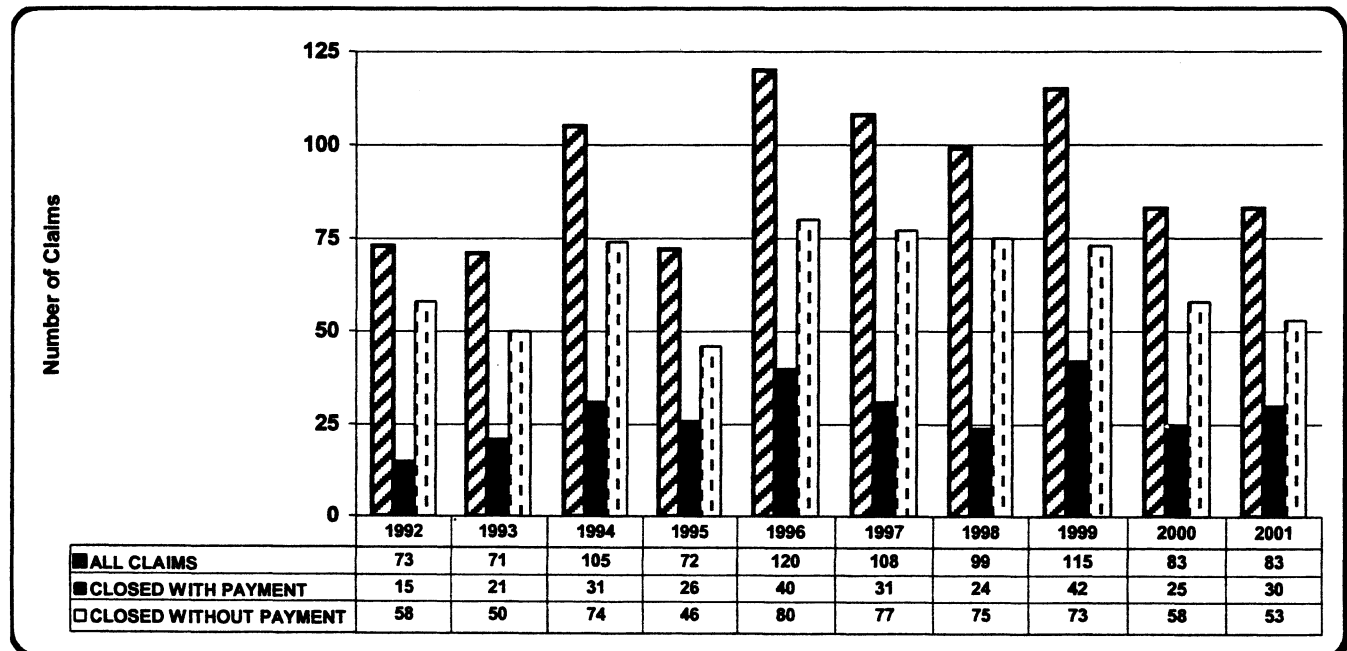


BEFORE TRIAL OR HEARING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

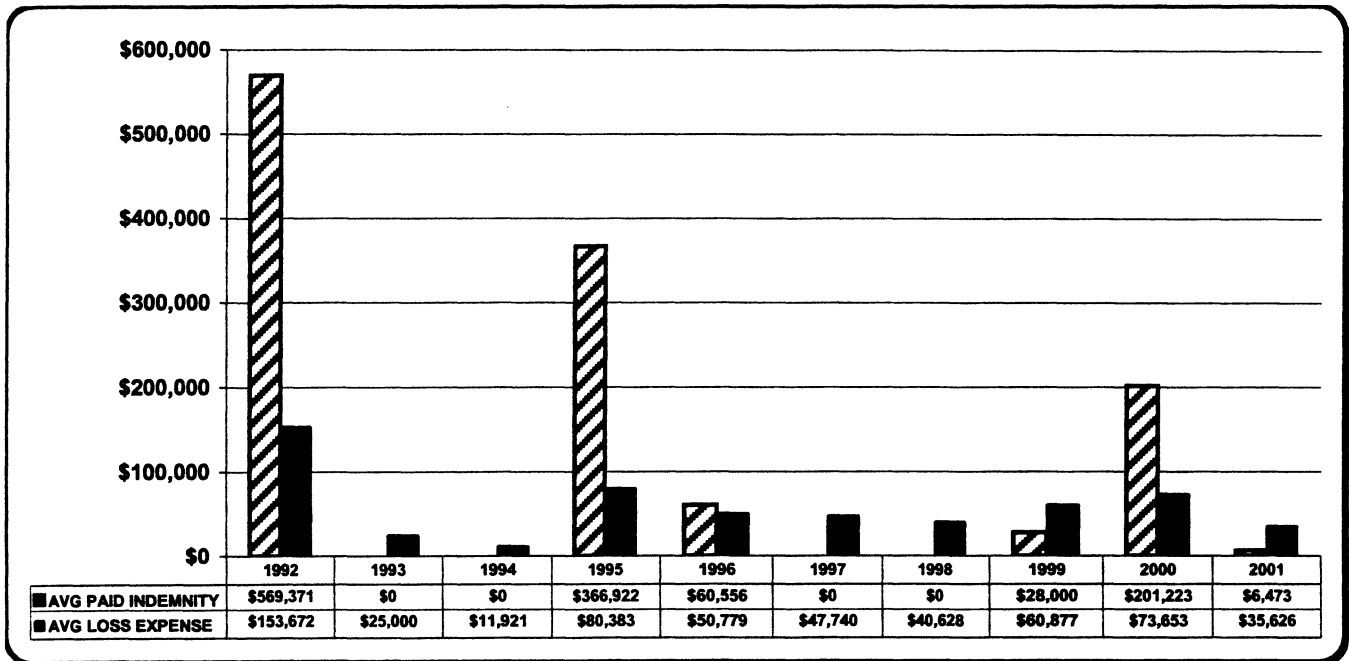


CLAIM COUNT

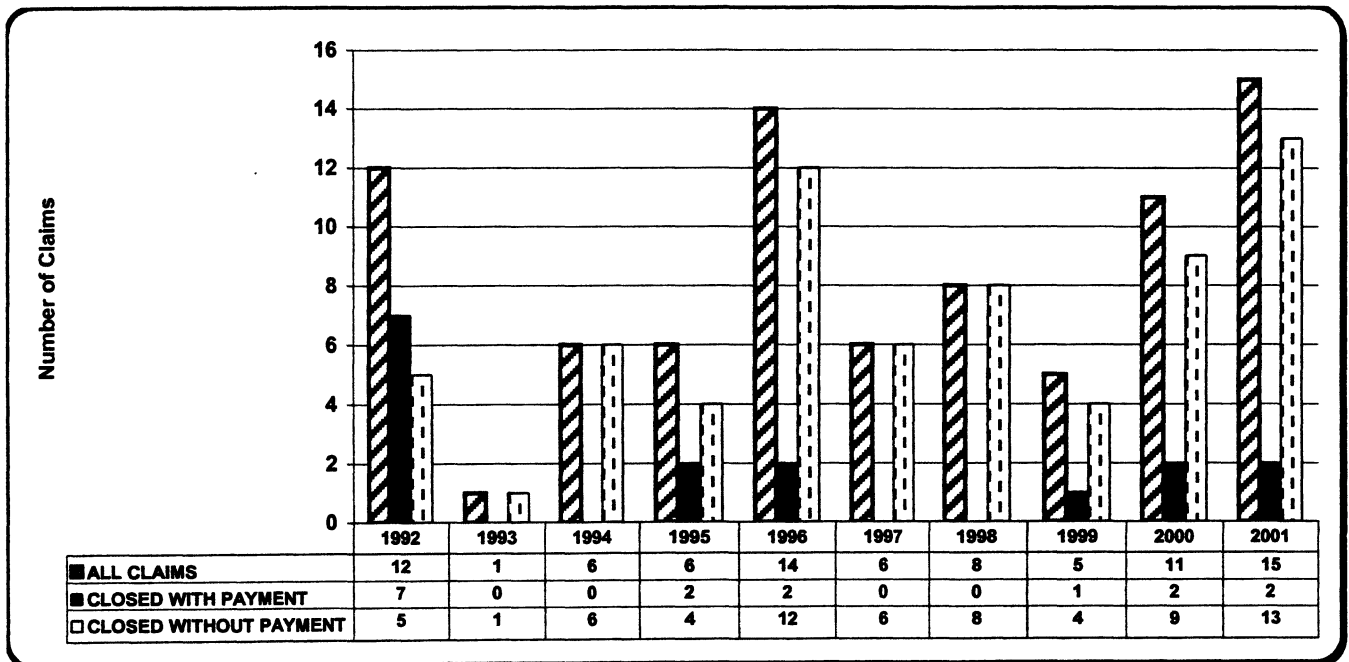


AFTER APPEAL

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

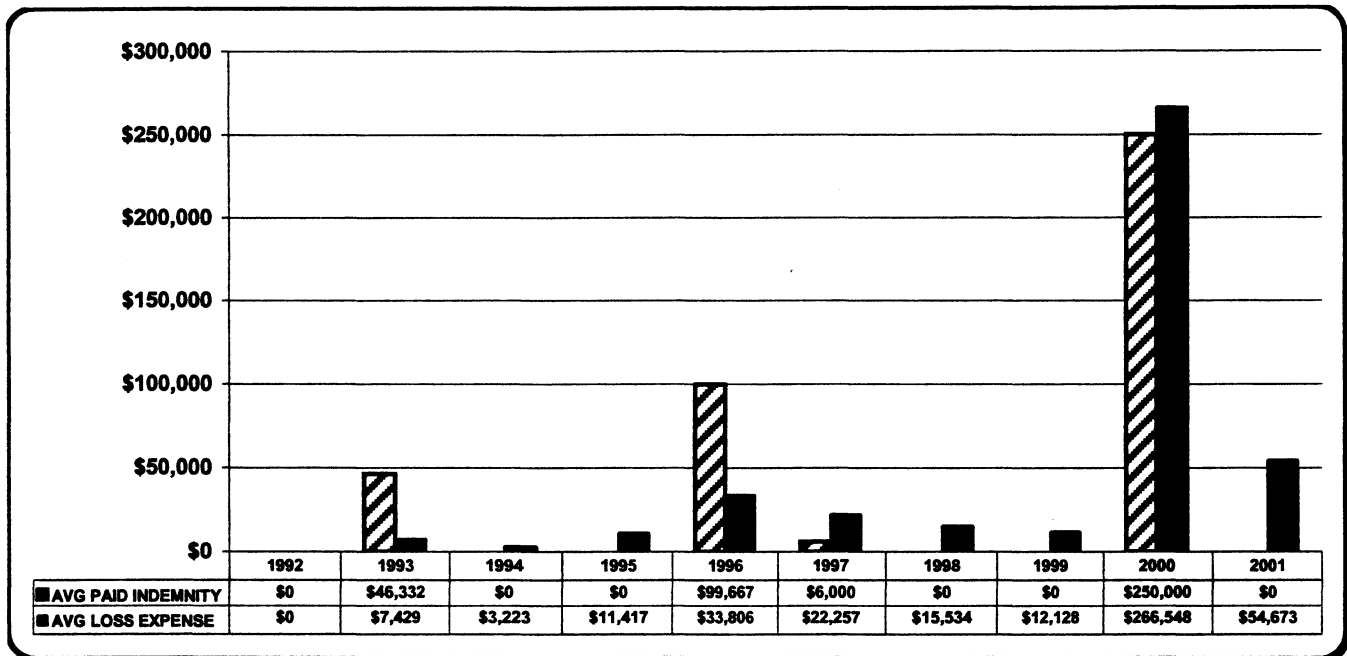


CLAIM COUNT

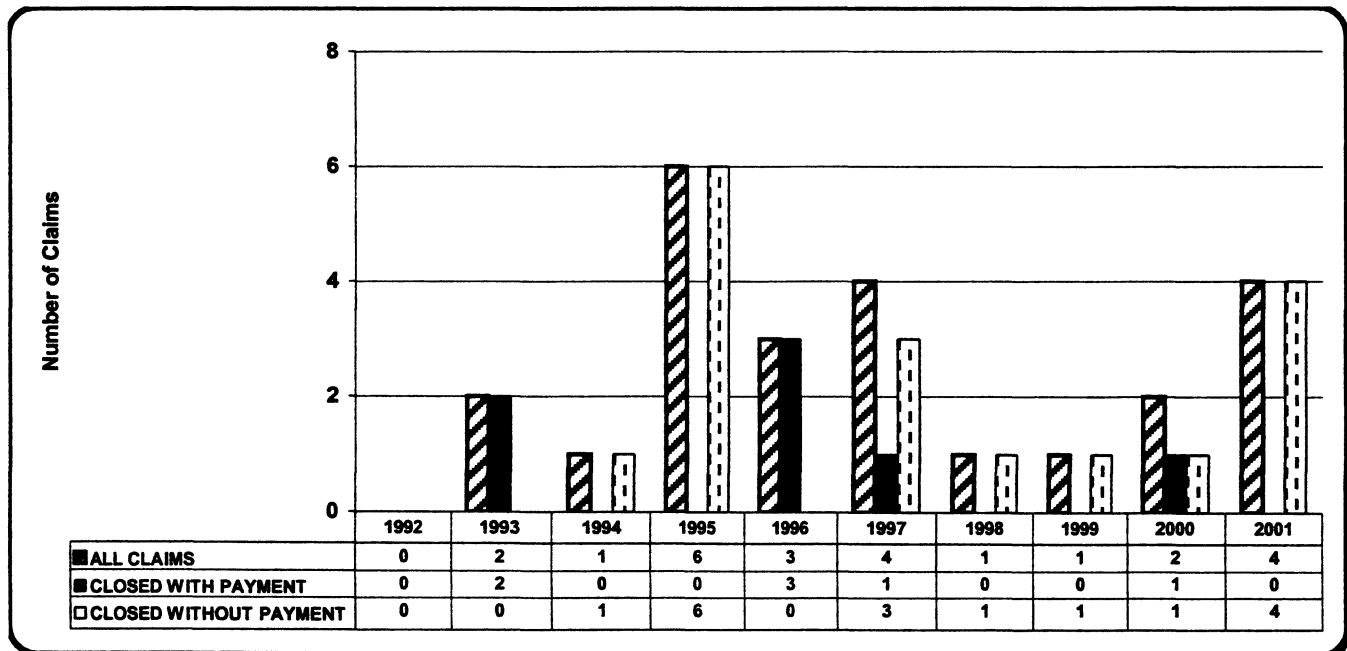


DURING APPEAL

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

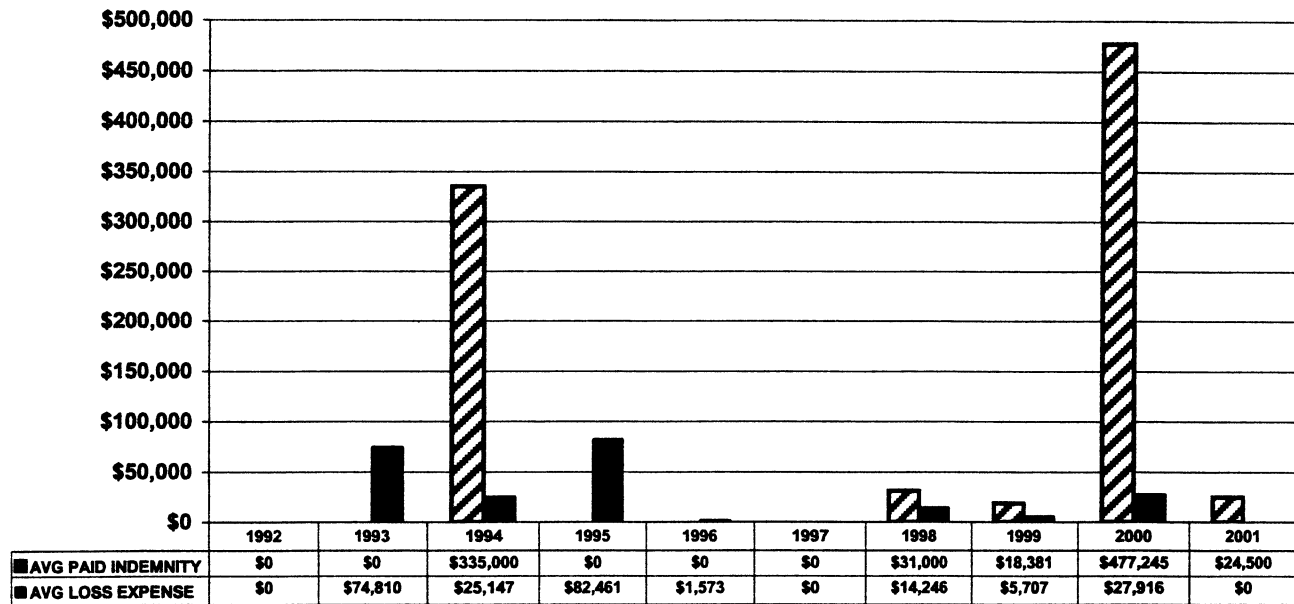


CLAIM COUNT

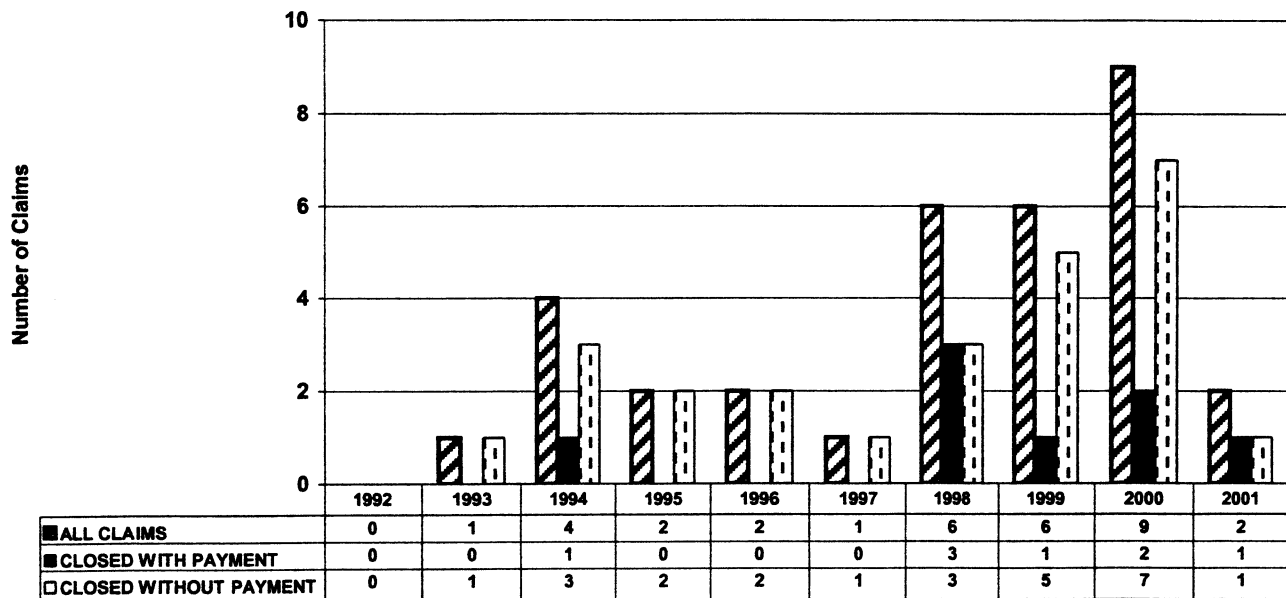


AFTER JUDGMENT, BEFORE APPEAL

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

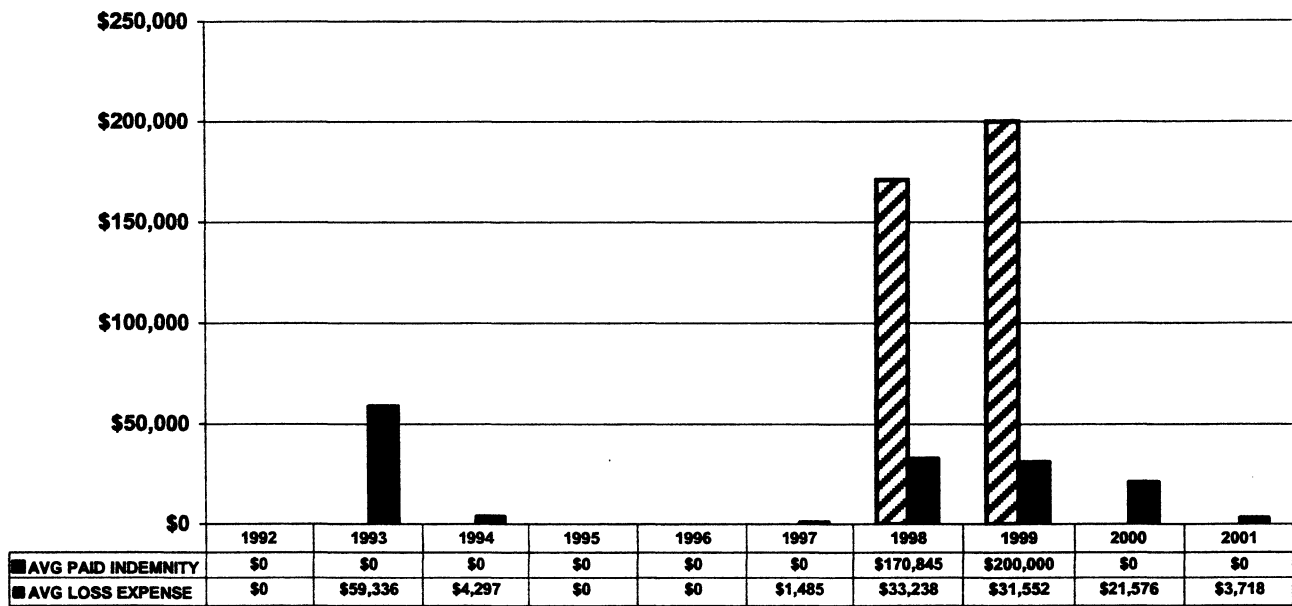


CLAIM COUNT

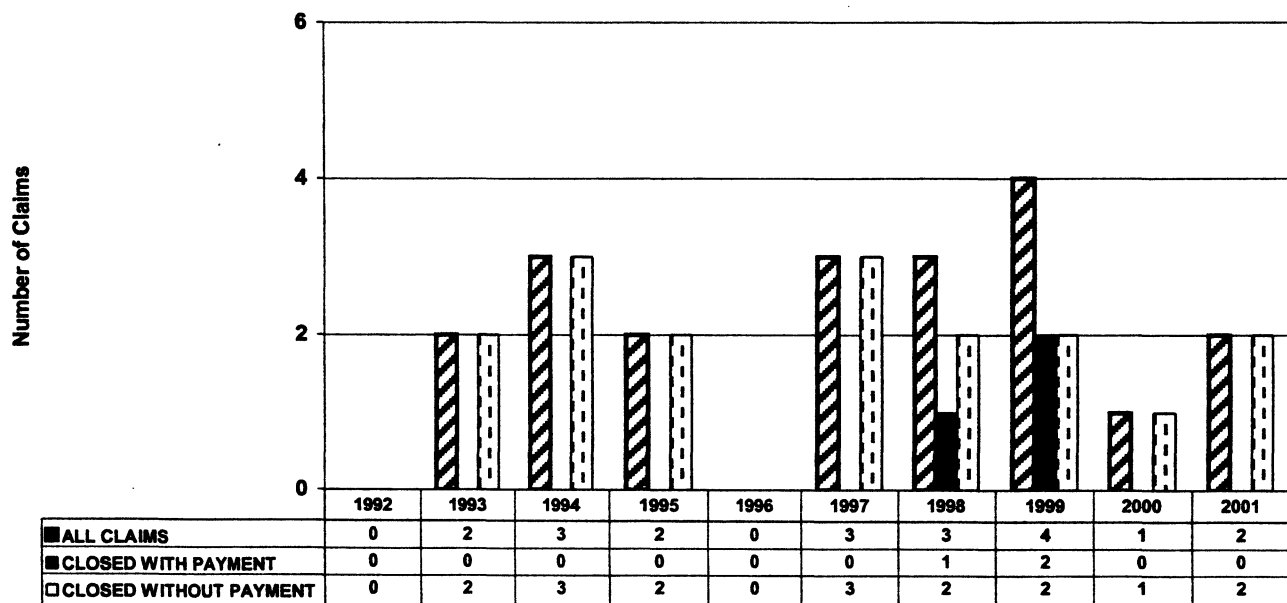


AFTER TRIAL OR HEARING, BEFORE JUDGMENT

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

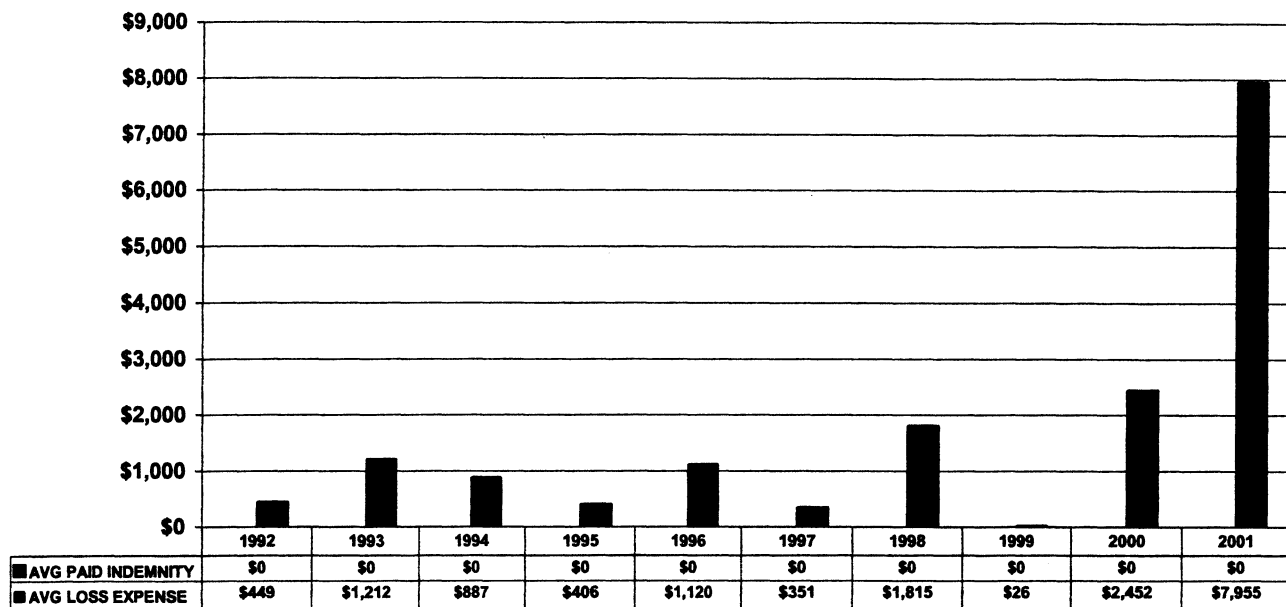


CLAIM COUNT

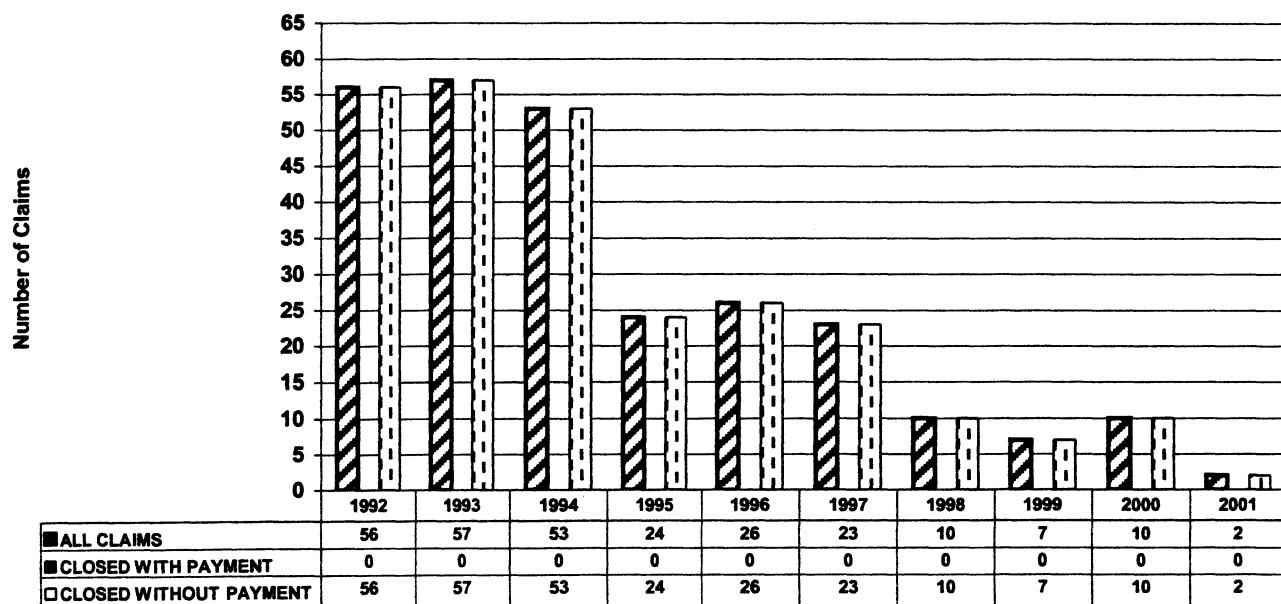


CLAIM OR SUIT ABANDONED

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

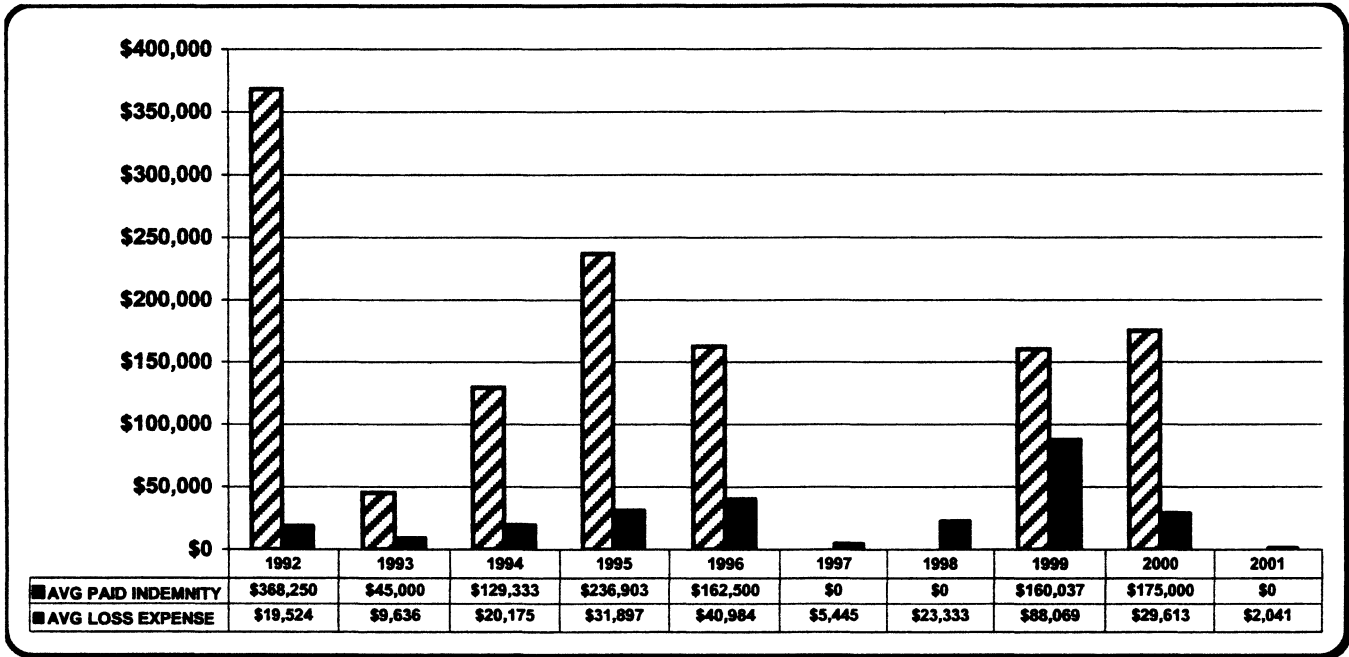


CLAIM COUNT

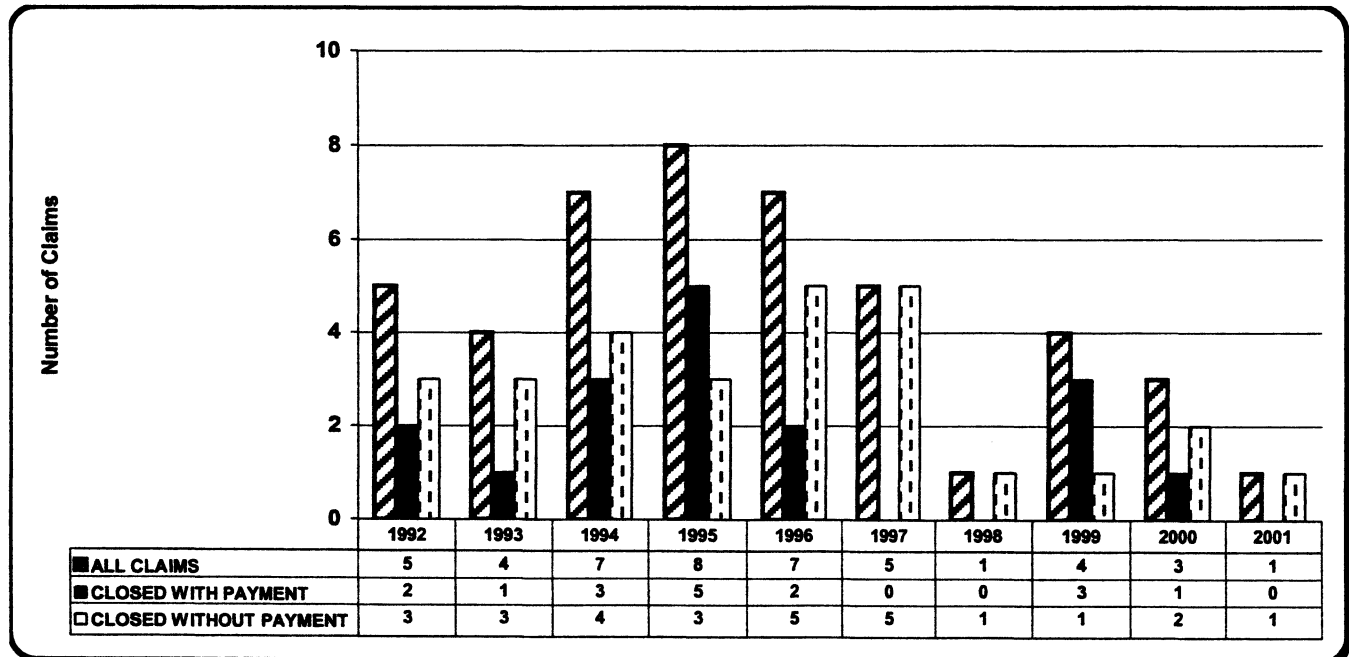


DURING TRIAL OR HEARING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



CLAIM COUNT



**TEN YEAR SUMMARY
&
2001 SUMMARY
BY
YEARS ADMITTED TO PRACTICE**



**LEGAL MALPRACTICE INSURANCE
INDEMNITY ANALYSIS
FOR YEARS 1992 – 2001**

YEARS ADMITTED TO PRACTICE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
OVER 10 YEARS	2,231	566	84.98%	\$115,041	\$65,113,266	88.82%	\$11,487
4 TO 10 YEARS	335	88	13.21%	\$79,684	\$7,012,165	9.56%	\$7,178
UNDER 4 YEARS	85	12	1.80%	\$98,959	\$1,187,510	1.62%	\$3,203
TOTAL	2,651	666	100.00%	\$110,079	\$73,312,941	100.00%	\$10,677

**LEGAL MALPRACTICE INSURANCE
INDEMNITY ANALYSIS
CLAIMS CLOSED IN 2001**

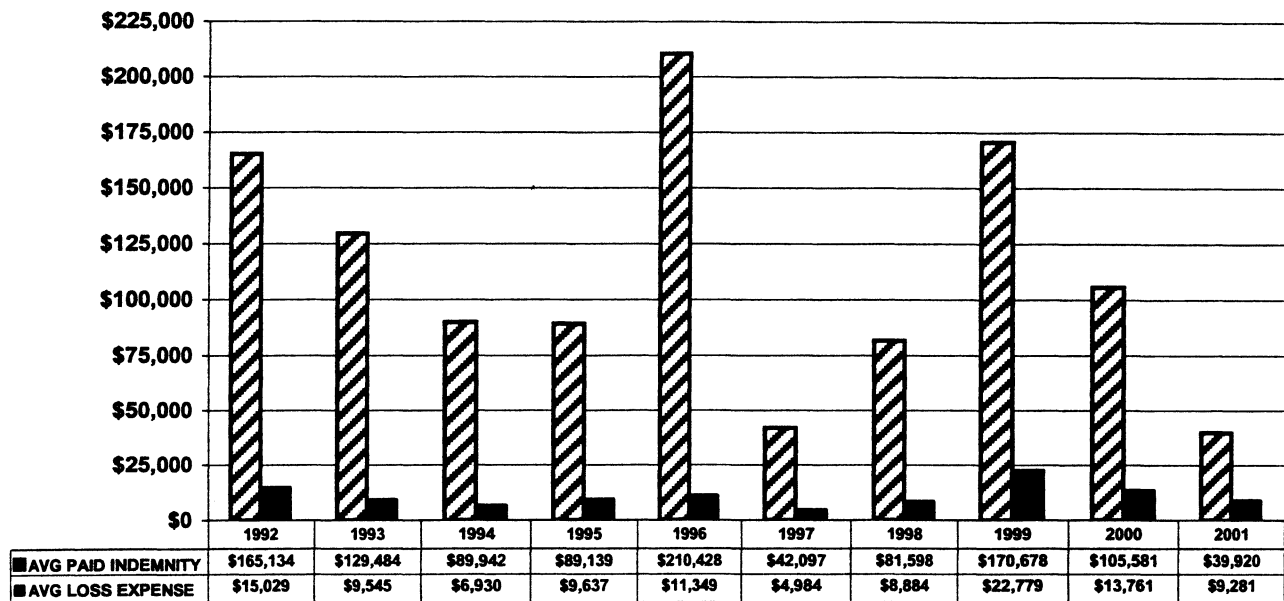
YEARS ADMITTED TO PRACTICE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
OVER 10 YEARS	206	59	92.19%	\$39,920	\$2,355,272	96.91%	\$9,281
4 TO 10 YEARS	10	5	7.81%	\$15,000	\$75,000	3.09%	\$4,620
UNDER 4 YEARS	1	0	0.00%	N/A	\$0	0.00%	\$0
TOTAL	217	64	100.00%	\$37,973	\$2,430,272	100.00%	\$9,023

**TRENDS
OF
YEARS ADMITTED TO PRACTICE
FOR 2001**

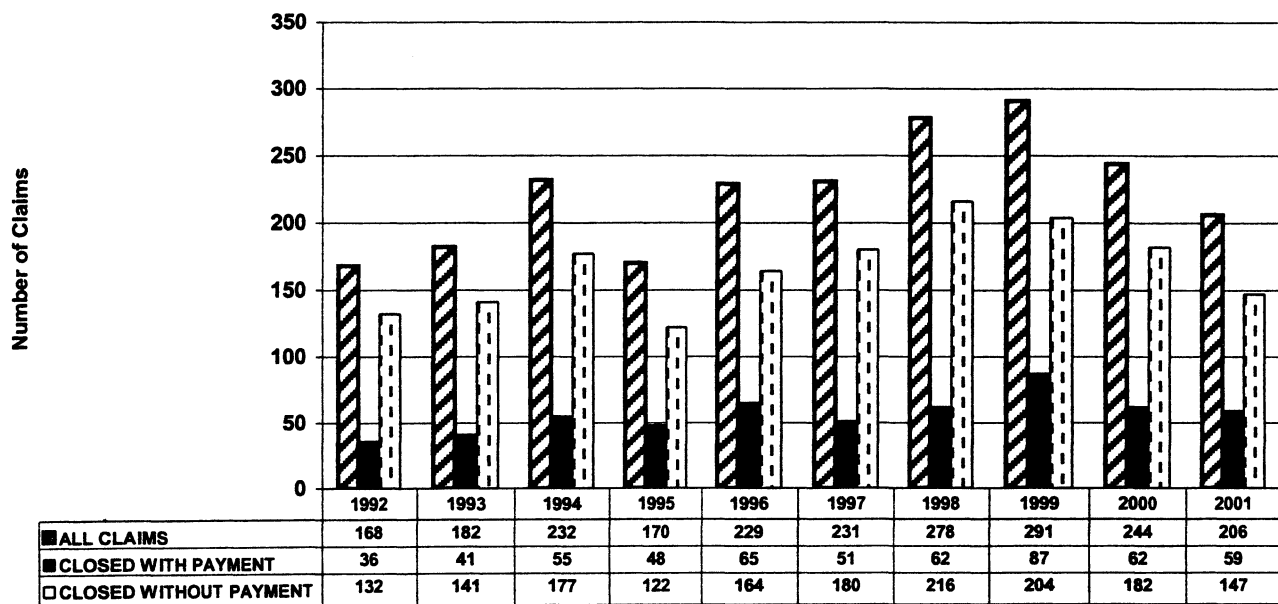


OVER 10 YEARS

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

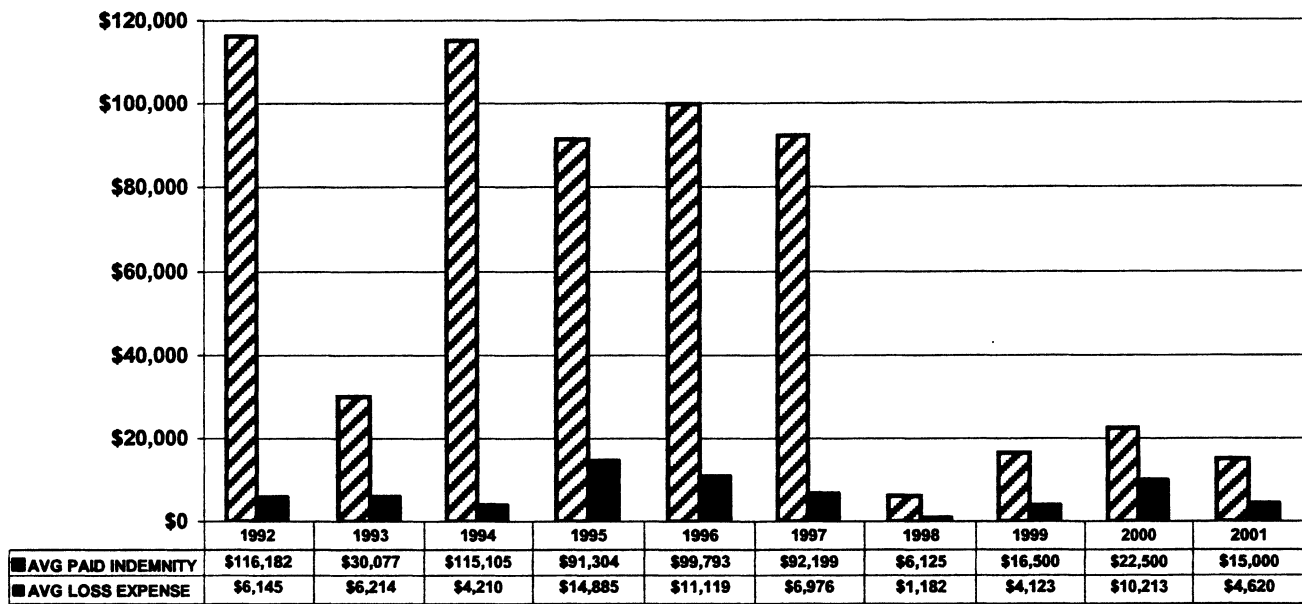


CLAIM COUNT

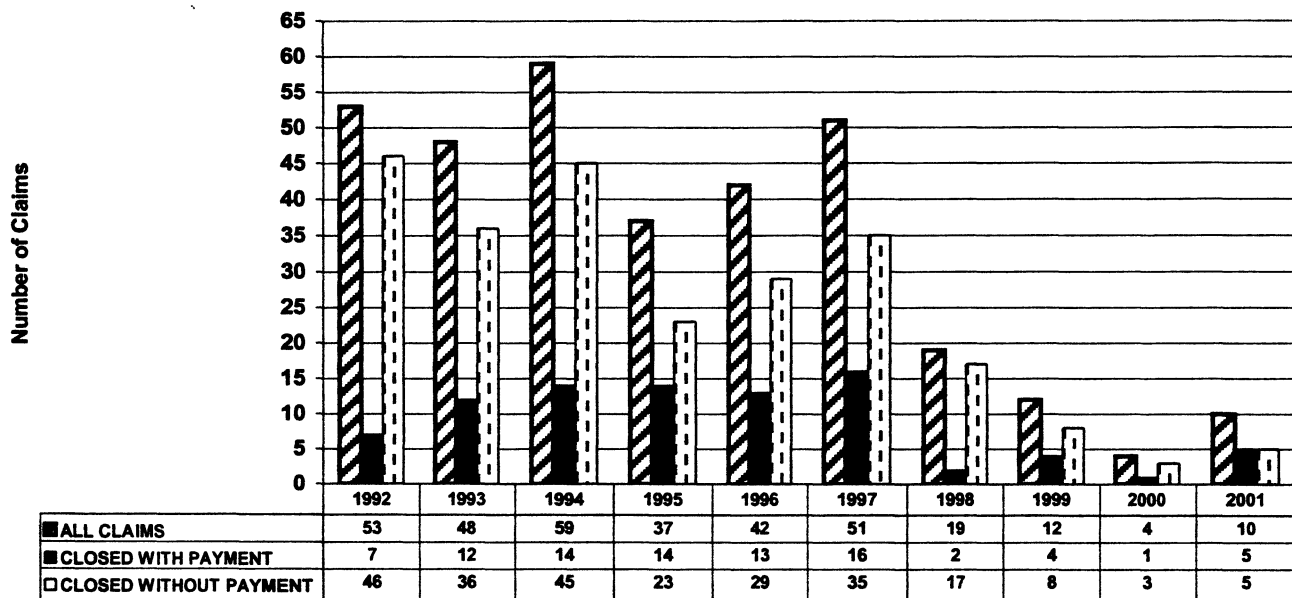


4 TO 10 YEARS

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

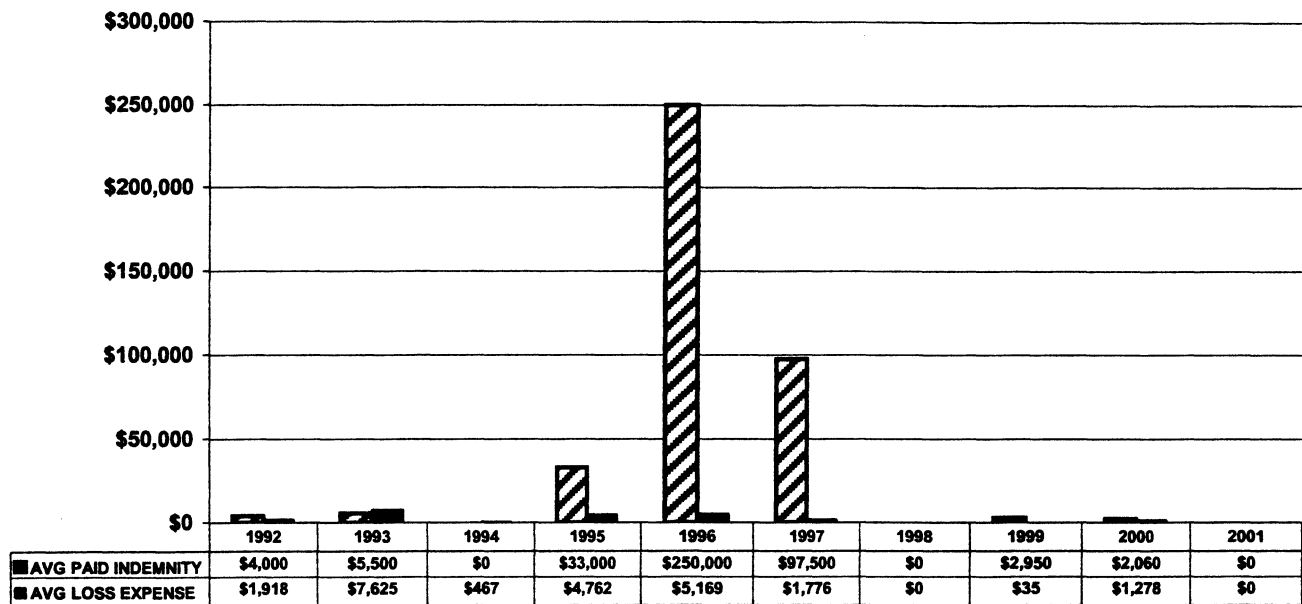


CLAIM COUNT

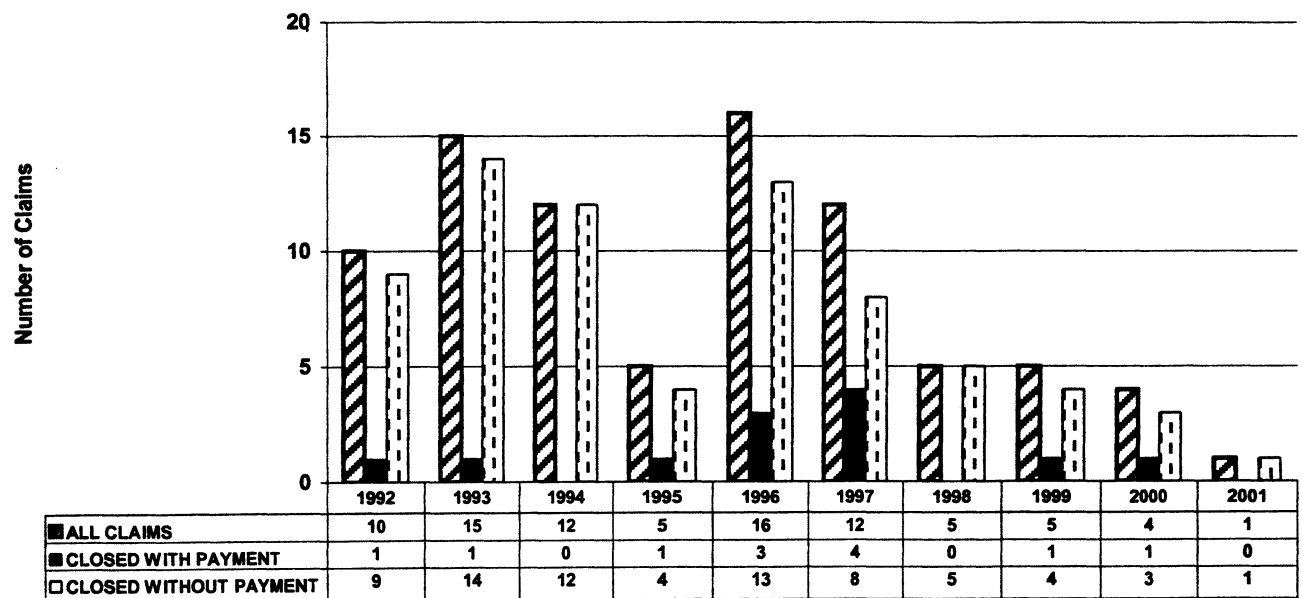


UNDER 4 YEARS

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



CLAIM COUNT



**TEN YEAR SUMMARY
&
2001 SUMMARY
BY
INSURED/CLAIMANT RELATIONSHIP**



LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 1992 – 2001

INSURED'S RELATIONSHIP TO THE CLAIMANT	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
CLIENT OTHER THAN FREE LEGAL SERVICE OR PRE-PAID LEGAL PLAN	2,077	577	86.64%	\$101,211	\$58,398,704	79.66%	\$9,849
NON-CLIENT	557	84	12.61%	\$176,324	\$14,811,238	20.20%	\$13,511
MEMBER PRE-PAID LEGAL PLAN	9	2	0.30%	\$16,250	\$32,500	0.04%	\$34,873
FREE LEGAL SERVICE	8	3	0.45%	\$23,500	\$70,500	0.10%	\$870
TOTAL	2,651	666	100.00%	\$110,079	\$73,312,941	100.00%	\$10,677

LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 2001

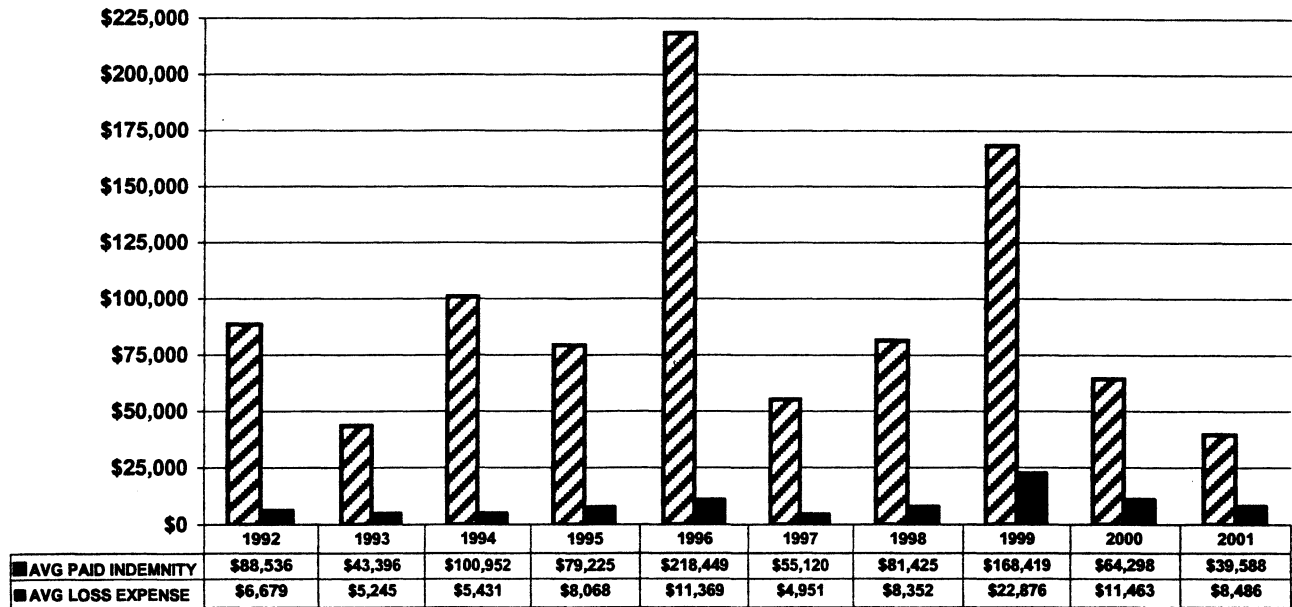
INSURED'S RELATIONSHIP TO THE CLAIMANT	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
CLIENT OTHER THAN FREE LEGAL SERVICE OR PRE-PAID LEGAL PLAN	188	60	93.75%	\$39,588	\$2,375,272	97.74%	\$8,486
NON-CLIENT	26	4	6.25%	\$13,750	\$55,000	2.26%	\$13,802
FREE LEGAL SERVICE	3	0	0.00%	N/A	\$0	0.00%	\$1,320
TOTAL	217	64	100.00%	\$37,973	\$2,430,272	100.00%	\$9,023

**TRENDS
OF
INSURED/CLAIMANT
RELATIONSHIP
FOR 2001**

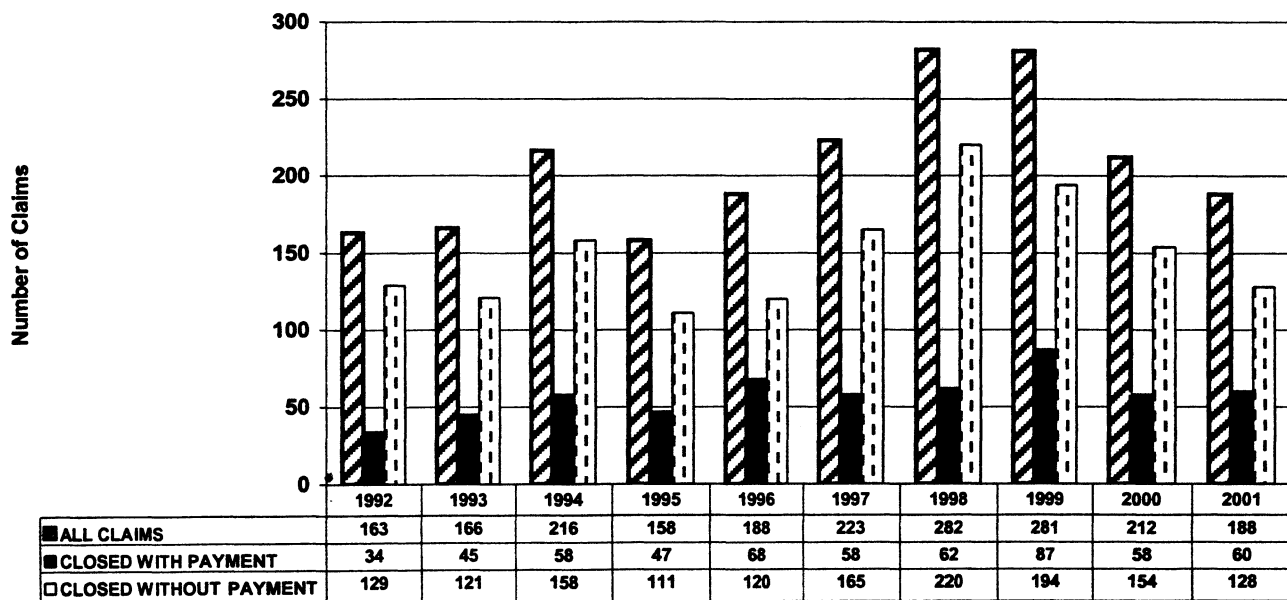


CLIENT OTHER THAN FREE LEGAL SERVICE OR MEMBER OF PRE-PAID LEGAL PLAN

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

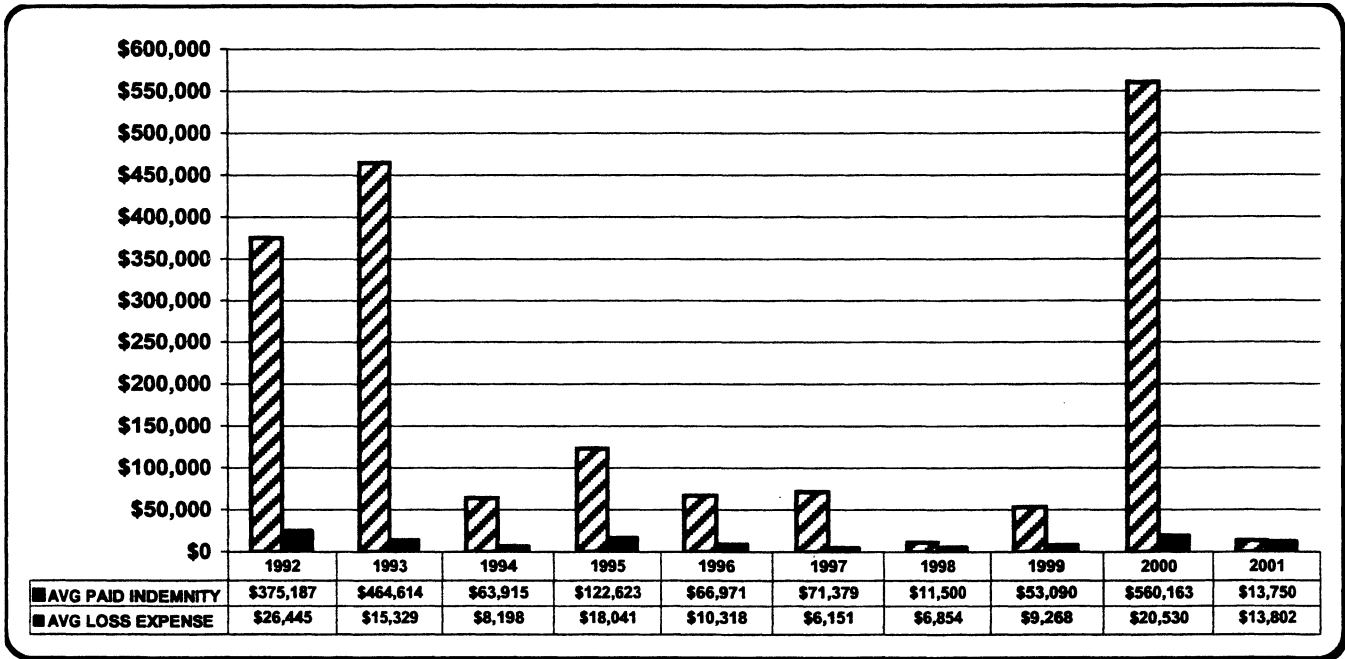


CLAIM COUNT

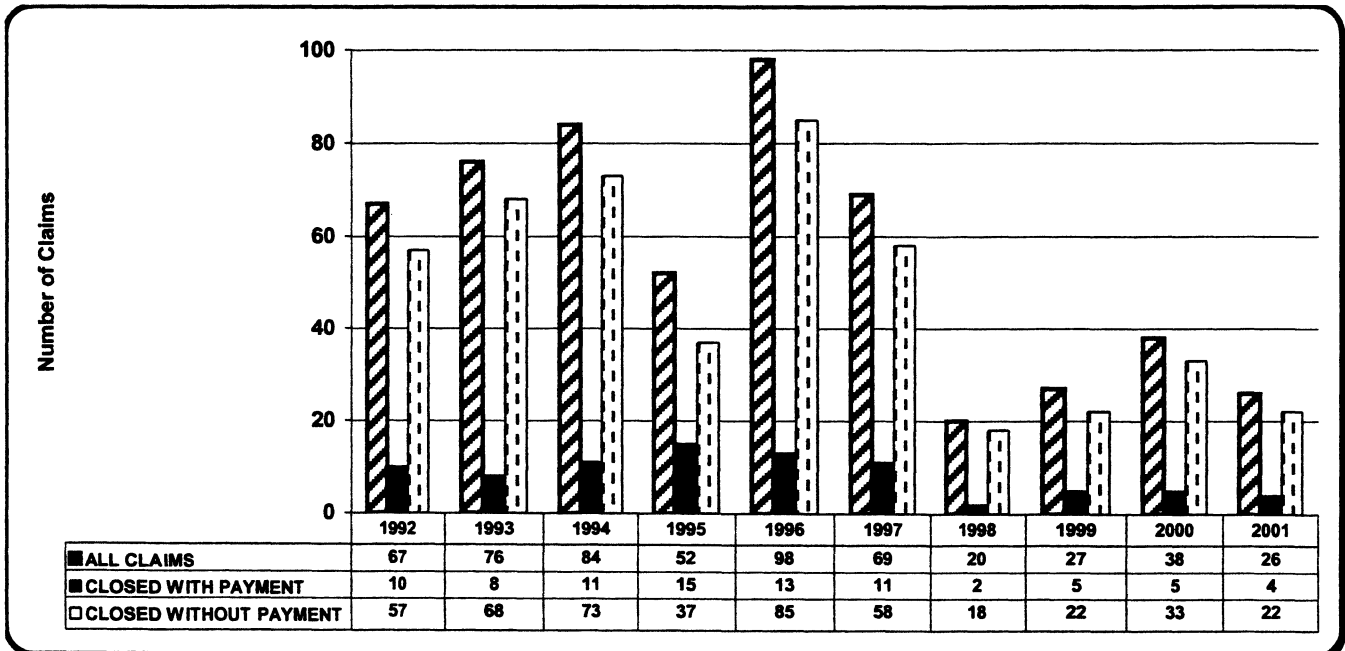


NON-CLIENT

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

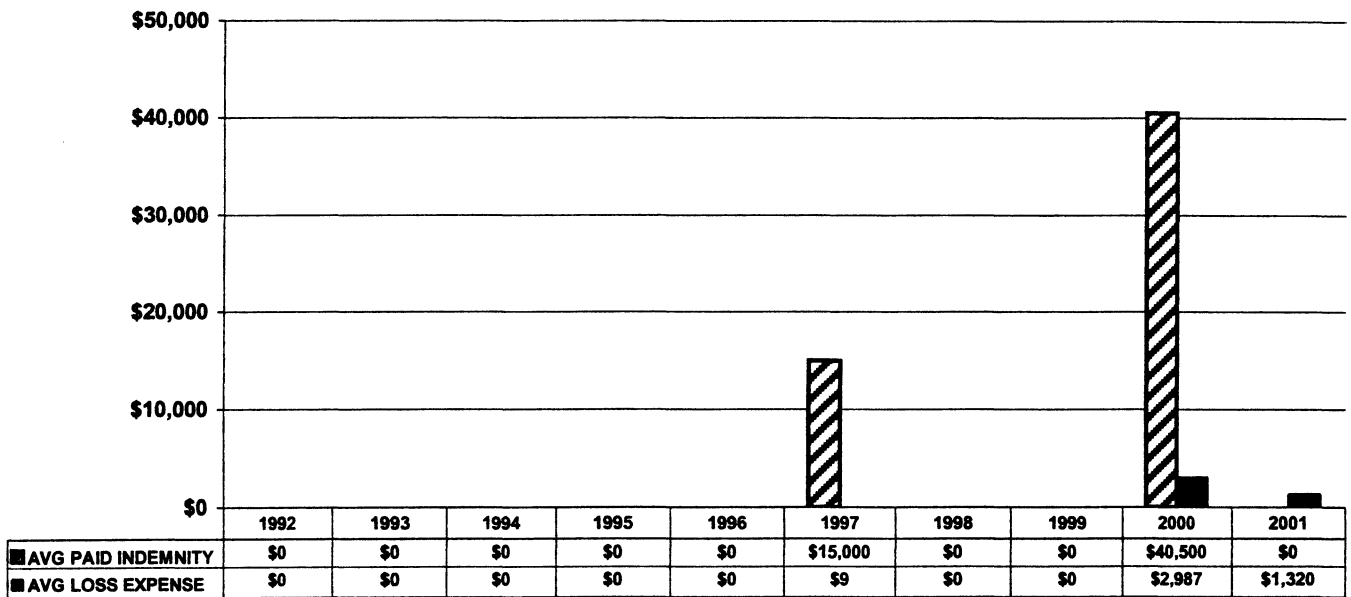


CLAIM COUNT

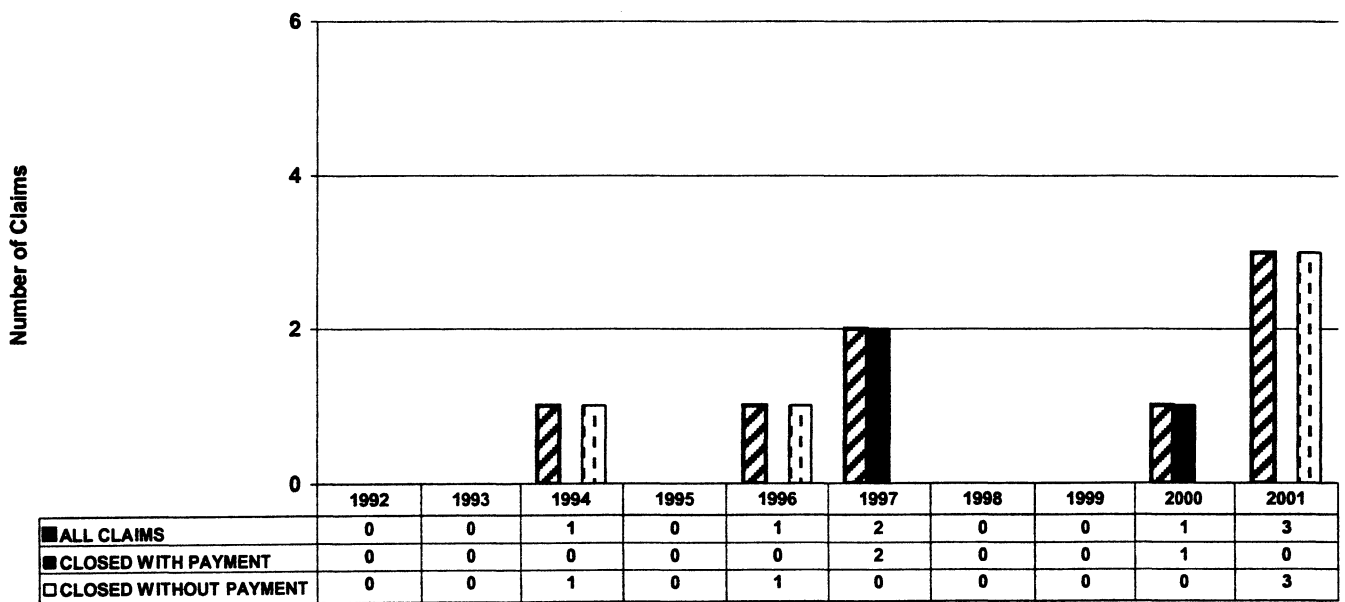


FREE LEGAL SERVICE

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



CLAIM COUNT





**PREMIUM AND
LOSS DATA**



**PAGE 24 SUPPLEMENT
LEGAL MALPRACTICE EXPERIENCE
WITH MARKET SHARE**

2001 EXPERIENCE

NAIC Company Code	Company Name	Market Share	Written Premium	Earned Premium	Incurred Losses	Loss Ratio
29513	BAR PLAN MUTUAL INSURANCE CO THE	61.01%	\$8,283,322	\$7,275,807	-\$1,655,344	-22.75%
10037	INTERLEX INSURANCE COMPANY	15.20%	\$2,064,102	\$1,951,024	\$358,865	18.39%
19445	NATIONAL UNION FIRE INSURANCE COMPANY OF PITTSBURG	13.37%	\$1,814,914	\$451,249	\$2,608,594	578.08%
24767	ST PAUL FIRE & MARINE INSURANCE CO	4.25%	\$576,417	\$516,997	\$592,772	114.66%
16691	GREAT AMERICAN INSURANCE COMPANY	2.50%	\$340,047	\$332,686	-\$54,163	-16.28%
20443	CONTINENTAL CASUALTY COMPANY	2.23%	\$302,913	-\$302,913	\$1,065,963	-351.90%
29459	TWIN CITY FIRE INS CO	0.54%	\$73,780	\$63,945	\$0	0.00%
19380	AMERICAN HOME ASSURANCE COMPANY	0.35%	\$48,157	\$4,332,430	\$2,913,434	67.25%
24805	ST PAUL INSURANCE CO OF ILLINOIS THE	0.31%	\$42,662	\$38,519	\$12,040	31.26%
23841	NEW HAMPSHIRE INSURANCE COMPANY	0.22%	\$29,819	\$21,920	-\$1,130,651	-5158.08%
36781	CENTRIS INSURANCE COMPANY	0.00%	\$0	\$0	-\$36,179	N/A
26344	GREAT AMERICAN ASSURANCE COMPANY	0.00%	\$0	\$0	-\$10,698	N/A
22136	GREAT AMERICAN INSURANCE COMPANY OF NEW YORK	0.00%	\$0	\$88,781	-\$33,547	-37.79%
33723	GREAT AMERICAN SPIRIT INSURANCE COMPANY	0.00%	\$0	\$0	-\$671	N/A
21083	INTERNATIONAL INSURANCE COMPANY	0.00%	\$0	\$0	\$1,460	N/A
TOTAL		100.00%	\$13,576,133	\$14,770,445	\$4,631,875	31.36%

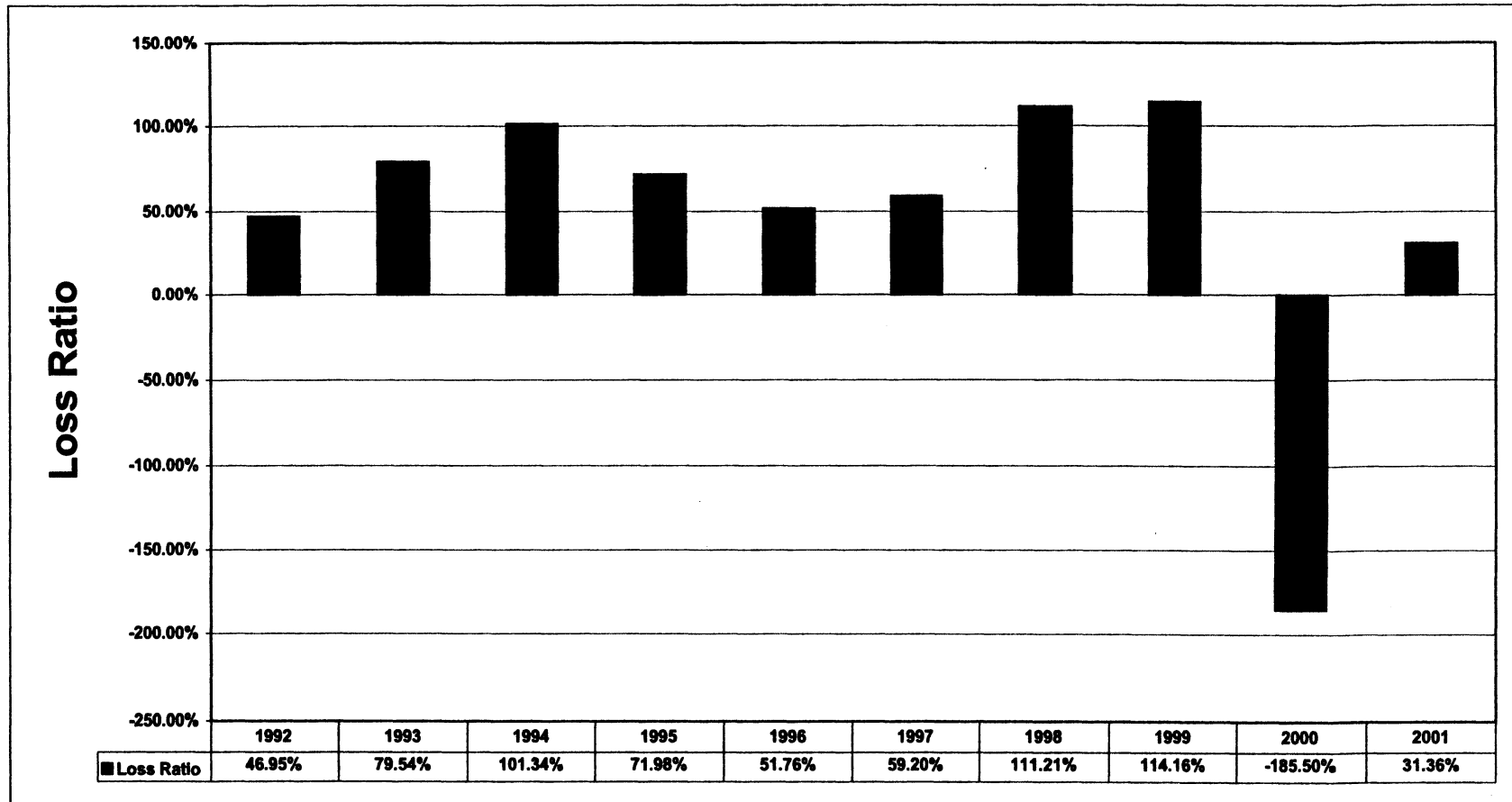
PAGE 24 SUPPLEMENT
LEGAL MALPRACTICE EXPERIENCE

TEN YEAR SUMMARY

YEAR	Written Premium	Earned Premium	Incurred Losses	Loss Ratio
1992	\$12,855,840	\$12,776,523	\$5,998,657	46.95%
1993	\$12,862,384	\$13,214,324	\$10,510,114	79.54%
1994	\$16,489,175	\$15,654,256	\$15,863,938	101.34%
1995	\$15,119,433	\$16,142,706	\$11,619,877	71.98%
1996	\$13,807,557	\$14,103,128	\$7,300,262	51.76%
1997	\$14,580,412	\$13,614,619	\$8,059,195	59.20%
1998	\$12,554,951	\$12,992,850	\$14,448,916	111.21%
1999	\$12,175,030	\$11,697,769	\$13,354,679	114.16%
2000	\$11,026,795	\$9,915,755	-\$18,393,921	-185.50%
2001	\$13,576,133	\$14,770,445	\$4,631,875	31.36%
10-Year Total	\$135,047,710	\$134,882,375	\$73,393,592	54.41%

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LEGAL MALPRACTICE EXPERIENCE

TEN YEAR LOSS RATIO SUMMARY





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